

## Summary of Financial Statements for the Fiscal Year Ended December 31, 2011

### [Japan GAAP] (Non-consolidated)

February 14, 2012

|                                                      |                                                                                                                |                                                                             |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Company Name                                         | Symbio Pharmaceuticals Limited                                                                                 | Listing: Osaka Securities Exchange                                          |
| Securities code                                      | 4582                                                                                                           | URL <a href="http://www.symbiopharma.com/">http://www.symbiopharma.com/</a> |
| Representative                                       | Representative Director, President and Chief Executive Officer                                                 | Fuminori Yoshida                                                            |
| Inquiries                                            | Director, Chief Financial Officer                                                                              | Hiroki Maekawa TEL 03(5472) 1125                                            |
| Ordinary Annual General Meeting of Shareholders      | March 29, 2012                                                                                                 | Date of dividend payment (plan) —                                           |
| Scheduled date of securities report submission       | March 30, 2012                                                                                                 |                                                                             |
| Supplementary materials for the financial statements | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                       |                                                                             |
| Presentation to explain for the financial statements | <input type="checkbox"/> Yes <input type="checkbox"/> No (For securities analysts and institutional investors) |                                                                             |

Millions of Yen – rounded down, unless otherwise stated

## 1. Business Results for Fiscal 2011 (January 1, 2011 to December 31, 2011)

## (1) Business results

(Percentage figures represent changes from the previous fiscal year)

|             | Net sales       |      | Operating profit |   | Ordinary profit |   | Net profit      |   |
|-------------|-----------------|------|------------------|---|-----------------|---|-----------------|---|
|             | Millions of Yen | %    | Millions of Yen  | % | Millions of Yen | % | Millions of Yen | % |
| Fiscal 2011 | 1,882           | 29.8 | -2,066           | - | -2,095          | - | -2,104          | - |
| Fiscal 2010 | 1,449           | 21.7 | -612             | - | -638            | - | -642            | - |

|             | Net profit per share | Diluted net profit per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------|----------------------|------------------------------|------------------|------------------------------------------|----------------------------------------|
|             | Yen                  | Yen                          | %                | %                                        | %                                      |
| Fiscal 2011 | -143.60              | -                            | -39.4            | -36.4                                    | -109.8                                 |
| Fiscal 2010 | -5,933.47            | -                            | -15.8            | -15.0                                    | -42.3                                  |

(Reference) Equity-method gain or loss Fiscal 2011 -Millions of Yen Fiscal 2010 -Millions of Yen

## (2) Financial position

|             | Total assets    | Net assets      | Equity ratio | Shareholders' equity per share |
|-------------|-----------------|-----------------|--------------|--------------------------------|
|             | Millions of Yen | Millions of Yen | %            | Yen                            |
| Fiscal 2011 | 7,256           | 6,605           | 91.0         | 345.28                         |
| Fiscal 2010 | 4,262           | 4,083           | 95.8         | 36,541.74                      |

(Reference) Shareholders' equity Fiscal 2011 6,605Millions of Yen Fiscal 2010 4,083Millions of Yen

## (3) Cash flow

|             | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at end of fiscal period |
|-------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------------------------------|
|             | Millions of Yen                     | Millions of Yen                     | Millions of Yen                     | Millions of Yen                                   |
| Fiscal 2011 | -2,074                              | -117                                | 4,610                               | 6,310                                             |
| Fiscal 2010 | -753                                | -115                                | 662                                 | 3,915                                             |

## 2. Dividends

|                        | Annual dividend per share |                    |             |                 |           | Total dividends | Payout ratio | Net assets |
|------------------------|---------------------------|--------------------|-------------|-----------------|-----------|-----------------|--------------|------------|
|                        | 1st quarter               | Interim period end | 3rd quarter | Fiscal Year End | Full year |                 |              |            |
|                        | Yen                       | Yen                | Yen         | Yen             | Yen       | Millions of Yen | %            | %          |
| Fiscal 2010            | -                         | 0.00               | -           | 0.00            | 0.00      | 0               | 0.0          | 0.0        |
| Fiscal 2011            | -                         | 0.00               | -           | 0.00            | 0.00      | 0               | -            | 0.0        |
| Fiscal 2012 (Forecast) | -                         | 0.00               | -           | 0.00            | 0.00      |                 | -            |            |

## 3. Forecast of Business Results for Fiscal 2012 (January 1, 2012 to December 31, 2012)

(Percentage figures represent changes from the same periods of previous fiscal year.)

|           | Net sales       |      | Operating profit |   | Ordinary profit |   | Net profit      |   | Net profit per share |
|-----------|-----------------|------|------------------|---|-----------------|---|-----------------|---|----------------------|
|           | Millions of Yen | %    | Millions of Yen  | % | Millions of Yen | % | Millions of Yen | % | Yen                  |
| Interim   | -               | -    | -                | - | -               | - | -               | - | -                    |
| Full Year | 2,338           | 24.2 | -1,625           | - | -1,652          | - | -1,656          | - | -86.56               |

## 4. Other

### (1) Changes in Accounting Principles

(i) Changes due to revision of accounting standards

Yes  No

(ii) Changes other than 1

Yes  No

(Note) For details, refer to "Changes in Accounting Policies" on Page 25.

### (2) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at year end (including treasury stock)

|             |                  |             |               |
|-------------|------------------|-------------|---------------|
| Fiscal 2011 | 19,130,900shares | Fiscal 2010 | 111,737shares |
| Fiscal 2011 | 75shares         | Fiscal 2010 | -shares       |
| Fiscal 2011 | 14,655,716shares | Fiscal 2010 | 108,252shares |

(ii) Number of shares of treasury stock at year end

(iii) Average number of shares during the term

(Note) Refer to "Per share information" on Page 61 for number of shares that forms the basis for calculating net profit per share

### \* Implementation status of the audit

The audit of financial statements in accordance with Financial Instruments and Exchange Act is proceeding as at the disclosure of this report of business results.

### \*Note to ensure appropriate use of forecasts

(Stock split)

On June 2, 2011, the Company made a stock split at the rate of 100 shares for each outstanding share. Each figure for Fiscal 2011 presented in this material was retroactively adjusted for number of shares after the stock split.

### Notes on the forward-looking statements

The Company does not disclose forecast of business results for the first six months of fiscal year.

All forecasts presented in this document including forecast of business results are based on the information currently available to the management and the assumptions that we judge reasonable. Actual results may differ substantially from these forecasts due to various factors. Regarding the assumptions on which the forecast of business results is based and its usage, please refer to "Business results analysis" on Page 1 of the attachment.

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## 1. Business results

### (1) Business results analysis

#### Business Results Analysis for Fiscal 2011

Progress in the Company's business for Fiscal 2011 is as follows:

#### (i) Domestic

In Japan, the Company sells an anticancer drug SyB L-0501 (the generic name: bendamustine hydrochloride, the trade name: TREAKISYM®) through the business partner Eisai Co., Ltd. (Eisai) for the indications of refractory/relapsed indolent non-Hodgkin's lymphoma (NHL) and mantle cell lymphoma (MCL). The sales of TREAKISYM® had been steady after the launch in December 2010 and the Company's sales of the product to Eisai were mostly in line with the plan.

With regard to the development of TREAKISYM®, patient enrollment was completed for Phase II clinical trials (collaborative trial in Japan and South Korea) for the extended indication of refractory/relapsed aggressive non-Hodgkin's lymphoma in June 2011 and continued the administration to enrolled patients. We started Phase II clinical trials for the indications of indolent non-Hodgkin's lymphoma and mantle cell lymphoma in November 2011. We also started Phase II clinical trials for the indication of refractory/relapsed multiple myeloma in December 2011.

We continued the patient enrollment and administration for Phase II clinical trial of SyB D-0701 (a transdermal antiemetic patch) for the indication of radiotherapy-induced nausea and vomiting.

The pre-clinical trials continued to support the initiation of Phase I clinical trials for the anticancer drug SyB 0702.

Meanwhile, the Company signed the licensing agreement with Onconova Therapeutics, Inc. (United States) on July 7, 2011, which allows us to exclusively develop and commercialize anticancer drugs SyB L-1101 (the intravenous form)/C-1101 (the oral form) (the generic name: rigosertib) for Japan and South Korea. With regard to these drugs under development, we continued preparations for domestic Phase I clinical trials (for SyB L-1101, the intravenous form) for the indication of refractory/relapsed myelodysplastic syndrome (MDS).

#### (ii) Overseas

The sales of SyB L-0501 were steady in Singapore. SyB L-0501 was approved for the indications of chronic lymphocytic leukemia and multiple myeloma in South Korea on May 31, 2011 and the sales started in October 2011. We sell the products through Eisai in Singapore and South Korea as in Japan.

Furthermore, SyB L-0501 received the approval to manufacture and commercialize from the Taiwanese authority on October 18, 2011 in consequence of the continued negotiations with the authority by the business partner InnoPharmax Inc. (Taiwan).

#### (iii) Business results

As a result of the aforementioned developments, net sales totaled 1,882,521 thousand yen for the fiscal year ended reflecting the sales of SyB L-0501 in Japan and Asian countries, the start of development for the therapy for untreated indolent non-Hodgkin's lymphoma and Mantle cell lymphoma in Japan, and the milestone revenue booked for the sales approval for SyB L-0501 in South Korea and Taiwan.

Selling, general and administrative expenses totaled 2,725,182 thousand yen comprising research and development cost of 1,945,029 thousand yen for the accrual of lump-sum contract payment associated with the in-licensing of product candidates (SyB L-1101/C-1101) in addition to clinical trials and their preparations for multiple indications for SyB L-0501, clinical trials for SyB D-0701, and pre-clinical trials for SyB 0702 as well as selling, general and administrative expenses of 780,153 thousand yen.

As a result, we posted operating loss of 2,066,846 thousand yen for the fiscal year ended. Non-operating income was 56,382 thousand yen mainly because of reimbursement from NEDO and non-operating expense was 84,919 thousand yen mainly due to IPO preparation costs. As a result, we posted ordinary loss of 2,095,382 thousand yen and net loss of 2,104,513 thousand yen for the fiscal year ended.

#### Forecast of Business Results for Fiscal Year 2012

We expect net sales of 2,338 million yen, a 24.2% increase from the fiscal year ended, primarily driven by the sales growth of TREAKISYM® launched in December 2010. Meanwhile, for the aim of further enhancing the enterprise value, we will advance

the development of proprietary pipelines, including new indications for the mainstay anticancer drug SyB L-0501. To this end, we anticipate R&D spending of 1,828 million yen (1,945 million yen in the fiscal year ended) and selling, general and administrative expenses of 2,535 million yen (2,725 million yen in the fiscal year ended) including R&D spending.

The Company's major development plans of pipelines are as follows:

<SyB L-0501> (anticancer drug)

We currently proceed with multiple clinical trials for SyB L-0501 for the extended indications and plan to apply for an approval in Japan for the indication of refractory/relapsed aggressive non-Hodgkin's lymphoma. We also plan to continue domestic Phase II clinical trials for the therapy for untreated indolent non-Hodgkin's lymphoma, mantle cell lymphoma, and refractory/relapsed multiple myeloma. We will also consider the development of SyB L-0501 for other indications.

<SyB L-1101> (anticancer drug)

We plan to start domestic Phase I clinical trials for the indication of refractory/relapsed myelodysplastic syndrome (MDS).

<SyB D-0701> (a transdermal antiemetic patch)

Phase II clinical trials will be continued.

As a result of these planned activities, net sales of 2,338 million yen, operating loss of 1,625 million yen, ordinary loss of 1,652 million yen, and net loss of 1,656 million yen are projected for Fiscal 2012.

## (2) Financial position analysis

### (Analysis of assets, liabilities, net assets, and cash flow)

Total assets as of December 31, 2011 stood at 7,256,094 thousand yen, an increase of 2,993,311 thousand yen from the previous fiscal year end. This was primarily due to an increase of 2,244,230 thousand yen of cash and deposits by fund procurement through third-party allotment and listing of stocks. Current assets stood at 7,178,392 thousand yen, an increase of 2,965,591 thousand yen from the previous fiscal year end reflecting an increase of accounts receivable and merchandise and finished goods mainly driven by the sales growth and an increase of marketable securities along with an increase of cash and deposits. Fixed assets stood at 77,702 thousand yen increase of 27,719 thousand yen from the previous fiscal year end mainly due to recording of long-term prepaid expenses for a portion of development costs.

Liabilities stood at 650,529 thousand yen, an increase of 470,810 thousand yen from the previous fiscal year end, reflecting an increase of accounts payable of 307,784 thousand yen resulting from the growth of product sales.

Net assets increased by 2,522,500 thousand yen from the previous fiscal year end to 6,605,564 thousand yen despite net loss of 2,104,513 thousand yen posted for the fiscal year ended because capital and capital reserve increased by 2,313,780 thousand yen respectively owing to third-party allotment and listing of stocks. This results in a decrease of capital-to-asset ratio by 4.8 percentage points from the previous fiscal year end to 91.0%.

Cash and cash equivalents (hereinafter "cash") stood at 6,310,978 thousand yen, an increase of 2,395,213 thousand yen from the previous fiscal year end. This was because of cash increase from financing activities resulting from the fund procurement by third-party allotment and listing of stocks, in spite of cash decrease from operating activities due to an increase of accounts receivable and inventories and net loss recorded for the fiscal year ended as well as cash decrease from investing activities due to the purchase of marketable securities and fixed assets.

Cash flow and its factors for the fiscal year ended are as follows:

### (Cash Flow from Operating Activities)

Cash flow from operating activities showed a decrease of 2,074,057 thousand yen by decreasing factors totaling 2,644,451 thousand yen comprising net loss before tax of 2,100,713 thousand yen, an increase of accounts receivable of 156,474 thousand yen, and an increase of inventories 207,467 thousand yen, despite increasing factors totaling 570,394 thousand yen such as increases of trade accounts payable by 307,784 thousand yen and other accounts payable by 153,739 thousand yen.

(Cash Flow from Investing Activities)

Cash flow from investing activities showed a decrease of 117,356 thousand yen mainly due to a cash decrease of 201,283 thousand yen for the purchase of marketable securities.

(Cash Flow from Financing Activities)

Cash flow from financing activities showed an increase of 4,610,820 thousand yen mainly due to proceeds from issuance of new stocks by third-party allotment and listing of 4,627,560 thousand yen.

(Development of index related to cash flow)

|                                                  | 3rd Term<br>Fiscal year ended<br>December 2007 | 4th Term<br>Fiscal year ended<br>December 2008 | 5th Term<br>Fiscal year ended<br>December 2009 | 6th Term<br>Fiscal year ended<br>December 2010 | 7th Term<br>Fiscal year ended<br>December 2011 |
|--------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Capital-to-asset ratio (%)                       | 84.3                                           | 87.0                                           | 95.1                                           | 95.8                                           | 91.0                                           |
| Equity ratio on a fair<br>market value basis (%) | —                                              | —                                              | —                                              | —                                              | 72.3                                           |
| Debt redemption period<br>(years)                | —                                              | —                                              | —                                              | —                                              | —                                              |
| Interest coverage ratio                          | —                                              | —                                              | —                                              | —                                              | —                                              |

Capital-to-asset ratio: shareholders' equity/total assets

Capital-to-asset ratio on a fair market value basis: total market value/total assets

Debt redemption period: Interest-bearing debt/cash flow from operating activities

Interest coverage ratio: cash flow from operating activities/interest payment

(Notes) 1. Equity ratio on a fair market value basis is not shown until the 6<sup>th</sup> term and is shown from the 7<sup>th</sup> term.

2. Total market value calculated based on the number of shares issued excluding treasury stocks.

3. Debt redemption period and interest coverage ratio are not available for the 2nd, 3rd, 5th, 6th and 7th Terms because of negative cash flow from operating activities.

2. Debt redemption period and interest coverage ratio are not available for the 4th Term because of no interest-bearing debt and interest expense.

(3) Basic policy for profit distribution and dividends for Fiscal 2011 and 2012

Since the foundation of SymBio, dividends have not been distributed.

Although SymBio started booking product sales, the company develops pharmaceutical drugs and continues to use funds for development activities. Therefore, it is our policy to attempt to gain retained earnings, not to distribute profit dividends, and preference to retain funds for sustainable development activities. However, we recognize that the return of profit to stockholders is an important management issue and will consider profit distribution based on future business performance and financial condition.

The articles of incorporation provide that the Company can pay interim dividend based on a corporate resolution by Board of Directors on June 30 every year as the record date. The Company can also make a distribution of surplus by designating a record date in addition to year-end and interim dividends. Decision making body is board of directors for interim dividend, shareholders' meeting for year-end dividend.

(4) Risks of business

Described below are major issues that may lead to potential risks in the Company's business activities. Issues that are not necessarily considered significant by the Company are also disclosed, in view of our commitment to make active information disclosure to investors and shareholders as these issues may carry weight in making investment decisions or in understanding our business activities. The Company is fully aware of the potential of these risks and will exert its utmost effort to prevent such risks from substantiating, but should they substantiate, we intend to take full appropriate action. However, we consider that investment decision regarding our stocks should be made by carefully evaluating the following matters, as well as other matters mentioned in other sections of this document. We would add that the following descriptions do not purport to cover all possible risks associated with investment in our stocks. The future perspectives mentioned below reflect our understanding of our business circumstances as of the date of publication of this document.

(i) Risks associated with pharmaceutical development in general

SymBio's main business is to in-license drug development candidate compounds created by pharmaceutical companies and bio ventures, and to develop them into pharmaceutical products. The R&D field of pharmaceuticals is replete with strong competition including pharmaceutical giants. What is more, specialty pharmaceutical company such as SymBio try to emulate each other in quality and speed within the sector. The process from development to manufacture and marketing involves many regulatory hurdles, necessitating a vast amount of capital input over a long period of time in business operations. Their future prospects involve uncertainty and these risk factors are associated with the Company's present and future business activities.

(a) Uncertainty involved in pharmaceutical development

Generally speaking, the pharmaceutical development process up to the market launch of a drug requires a vast amount of expenditure over a long period. The probability of success is by no means high. In every stage of development, it is not infrequent for a decision to be made to halt or delay progress. In pharmaceutical development, the different stages of development have to be conducted in phases, and in each phase a decision is made on whether the development should continue. Therefore, it is not rare to see a decision to stop a development in mid-process. The probability is low for a development progressing successfully and for a product coming on stream. Even after a product is successfully developed and launched in the market, there remains a risk that the approval gets cancelled because of inefficacy or side effects should serious side effects prove to have the potential to increase damage to health (for details, refer to "(f) risk associated with side effects"), or should the efficacy fail to be recognized by the re-evaluation of efficacy and safety, conducted either on a regular or temporary basis, in light of the current academic standards of medicine and pharmaceuticals at the time of re-evaluation. To reduce and spread these risks, the Company aims to possess several pipelines and endeavors to prioritize insofar as possible the in-licensing of drug candidates with confirmed POC (proof of concept) on human subjects. Yet, for small specialty pharmaceutical companies such as SymBio, the impact is huge if a single candidate compound is removed from the pipeline. This could have a significant effect on our financial position, business performance, and cash flow.

(b) Uncertainty of income

In order to raise income from the products we are developing, we need to succeed in all the stages of drug candidate development, namely obtaining approval from regulatory authorities, manufacture and marketing either on our own or in partnership with a third party. However, we may not necessarily succeed in these activities, or even if we do succeed, we may not be able to ensure the sufficient profitability needed in continuing our business. We currently hold four items in the pipeline. SyB L-0501, an anticancer drug, gained an approval for manufacturing and commercializing in Japan on October 27, 2010, indicated for the treatment of refractory/relapsed indolent non-Hodgkin's lymphoma as well as refractory/relapsed mantle cell lymphoma. As additional indications, Phase II clinical trials are underway for refractory/relapsed aggressive non-Hodgkin's lymphoma, untreated indolent non-Hodgkin's lymphoma, untreated mantle cell lymphoma, and refractory/relapsed multiple myeloma. SyB D-0701, a transdermal antiemetic patch, has started Phase II clinical trials. SyB L-1101 (the intravenous form)/SyB C-1101 (the oral form), anticancer drugs in-licensed in July 2011, are being prepared for domestic Phase I clinical trials in the intravenous form indicated for the treatment of myelodysplastic syndrome (MDS). We are promoting the development of these compounds, aiming to successfully market the end products to obtain income. In some cases, we may consider entering into alliance with other pharmaceutical companies in development and marketing so as to expedite the in-flow of income. Notwithstanding our effort, these pipeline compounds will take a considerable amount of time before they reach the market. There is no guarantee that they will make it onto the market as viable products or that an alliance agreement can be signed with other pharmaceutical companies. We are of the opinion that the selection of indications and the methods of alliance and marketing so far identified promise sufficient future profitability, considering the market size and marketing performance of approved drugs. However, should we prove to be wrong in the assessment, or should there be any change in the conditions on which the assessment is based and we cannot promptly adjust to the changes, there may be a significant impact on our financial position, business performance, and cash flow.

(c) Uncertainty in legislations and regulations requiring compliance and health insurance system

The pharmaceutical industry, SymBio's business field, is subject to various regulatory restrictions imposed by the pharmaceutical laws and administrative guidance as well as other relevant legislations of respective countries in all aspects of business operations, namely, research, development, manufacture and marketing. We formulate our business plans in accordance with the pharmaceutical laws and other current legislative regulations and with the health insurance system

together with the drug pricing developments that emerge from these legislations. Notwithstanding, there is no guarantee that these regulations, systems and pricing will not change before the products that we are developing reach the market. If any major change does occur, there may be a significant impact on our financial position, business performance, and cash flow.

(d) Risk concerning development and marketing overseas

We conduct pharmaceutical business in Asia, not limited to Japan, where we anticipate growth of healthcare needs and position as the strategic business domain. In overseas markets similarly to in Japan, the pharmaceutical development and marketing generally require a vast amount of expenditure and are associated with business risks. To reduce investment expenditure and spread business risks, we out-license the development and marketing of some of our developed drugs overseas to pharmaceutical and other companies. When we out-licenses the rights we possess, we select a licensee company after careful due diligence and continue monitoring as appropriate. The development and sales of out-licensed products are subject to business conditions of the licensee company or any changes in regulatory and competitive environments in respective countries and may fall below the original expectations, resulting in milestone revenue and royalty income generated below our plan. In such cases, there may be an impact on our financial position, business performance, and cash flow.

(e) Competition in the pharmaceutical industry

The pharmaceutical industry is an intensely competitive sector. A large number of both Japanese and foreign pharmaceutical companies and research institutions including giant multinational pharmaceuticals compete in the arena. Technological innovation is progressing rapidly. Many competitors have comparative advantage over us in technology, marketing and financial position. Thus these companies may more efficiently produce and sell competitor products of greater effectiveness to our developed products. This means that what transpires in the competition we conduct with these competitors in development, manufacturing and marketing operations may have a significant impact on our financial position, business performance, and cash flow.

(f) Risk associated with side effects

Unexpected side effects may occur from the use of pharmaceutical products, from their clinical trial stage to post-marketing stage. When serious and unexpected side effects are developed, compensation claims may arise, or depending on the situation, there is the risk of a delay in clinical trials or even discontinuation of product development. In case such side effects could lead to further damage to health, there is the risk for the cancellation of approval or the discontinuation of sales. Regarding compensation claims, we have in place the liability insurance necessary to minimize the financial damage when such claims arise. However, it does not exclude the possibility that the compensation award exceeds the amount insured. In this regard, there may be a significant impact on our financial position, business performance, and cash flow.

(g) Product liability

The development and manufacture of pharmaceutical products involve product liability risk. If in future, any products that we have developed cause damage to health or any inappropriate matters are discovered in clinical trials, manufacture, sales or marketing, we will be subject to product liability. This may have a significant impact on our financial position, business performance, and cash flow. Indeed, if a product liability compensation suit is filed against us, our corporate image will be damaged, leading to loss of confidence in us and our drugs, which may have an impact on our business.

(ii) Risk in operating our business

(a) Risk concerning business model

SymBio does not own its research and manufacturing facilities. We mainly target orphan drugs in oncology, hematology and autoimmune diseases, in-licensing from pharmaceutical companies and bio ventures drug candidates mostly with POC confirmed on human subjects and developing and marketing them as pharmaceutical products for the Japanese and Asian markets (China, South Korea, Taiwan and Singapore, etc.). We adopt the business model to raise income and profit from doing so. In developing the pipeline and marketing, we plan to engage in alliances with other pharmaceutical companies. However, there is no guarantee that we can continuously in-license drug candidate compounds that satisfy our criteria and secure partner companies. In addition, as we mainly target orphan drugs for in-licensing, we may not be able to generate the expected sales turnover. In such cases, there may be an impact on our financial position, business performance, and cash flow. What is more, the competition surrounding the pharmaceutical sector and changes in SymBio's financial position may force us to revise our business model. Should this occur, there may be a significant impact on our business.



(b) Dependency on a specific customer

As a specialty pharmaceutical company without production facilities, SymBio needs to depend on supply of products from other companies when conducting the clinical trials of products under development and in post-marketing sales. Given this fact, the financial position and production conditions of the product supplier may have a significant impact on our financial position, business performance, and cash flow. In pipeline development and marketing, our current business plan is focused on forming alliances with pharmaceutical companies. However, if the partner company's management condition deteriorates drastically or if its management policies change, which are matters beyond our control, our initial business plan may not be realized. Also, if any breach of contract occurs that necessitate the termination of the contract as stipulated by the contract, the alliance may end before the agreed term. In such cases, there may be a significant impact on our financial position, business performance, and cash flow. Normally, in alliance contracts with partner companies, expected revenues of specialty pharmaceutical company such as SymBio, to be gained before the products reach the market will be a lump sum upon signing the contract, funding for co-development and milestone payment. Of these, the milestone payment is an extremely unstable and unpredictable income as it is based on the attainment of predefined results. If development progress is delayed, there may be a significant impact on our financial position, business performance, and cash flow.

(c) Risk concerning intellectual property rights

In our drug development activities, we make use of various intellectual property rights. The use of these rights basically has been granted from other companies such as pharmaceuticals and ventures. However, the possibility remains that our in-licensed candidate compound does not succeed in the pending patent application made by the in-licensing partner. Moreover, it is difficult to completely avoid a third party creating an intellectual property right that supersedes the intellectual property right to which we have consent of use. These situations could lead to a significant impact on our financial position, business performance, and cash flow. To date, no lawsuit has been filed by a third party against us concerning intellectual property rights, including patents in connection with our product developments. However, in June 2009, an overseas pharmaceutical company issued a written warning to us. The company demanded that there be no infringement of the patent in Japan of a product owned by this company. In light of the advice from patent attorneys and lawyers, we believe that the claim being made by the overseas company is groundless. Meanwhile, we have received no other request from the said company since June 2009 and therefore, our understanding is that we are not in dispute. Should a dispute arise with this company, there may be a significant impact on our financial position, business performance, and cash flow. When in-licensing a product, we take advice from lawyers and conduct a thorough due diligence investigation through patent firms in order to reduce such intellectual property risks. Nevertheless, it is difficult to realize full protection from the occurrence of intellectual property right disputes involving the infringement of third-party rights, and these may have a significant impact on our financial position, business performance, and cash flow. The candidate compounds that we in-license are not necessarily protected by patent. On the other hand, even if our candidate compound is not protected by patent, the assignment of the compound for review by the regulatory authorities would virtually restrict the entry of generic drugs during the review period, realizing the monopolistic protection for a certain period of time.

(d) Data protection

To reduce the risk of significant confidential information relating to pipeline development and other business activities from leaking outside the company, SymBio engages in rigorous data protection. We require directors, Scientific Advisory Board (SAB) members, outsourcing partners, and other business partners to sign confidentiality agreements. Even with the agreement in place, directors, SAB members, outsourcing partners and other business partners may not adhere to confidentiality, and should this occur, significant confidential information may be divulged elsewhere, which may impact our business, financial position, business performance, and cash flow.

(e) Risk concerning important contracts

If any contracts that might have significant impact on conducting our business operations are terminated due to its reaching full term, being cancelled or for any other reason, there may be a significant impact on our financial condition, business performance, and cash flow.

(iii) Risk associated with organization

(a) Risk of being a young company

SymBio is a young company founded in March 2005. Since inception, we have engaged in in-licensing activities of drug development candidate compounds. We built up the pharmaceutical development business from scratch and recorded income

from product sales in August 2010 for the first time in our history. There is a possibility that business issues that we have not ever encountered arise in future. At the moment, however, it is difficult to predict any changes in the external environmental factors that may affect our business results. Therefore, we consider our business results for the past years to be inadequate reference material for passing an objective judgment on whether or not our company can continue to grow.

(b) Risk of being a small corporation

SymBio uses contract research organizations (CRO) in conducting R&D, thereby forming a development framework requiring relatively small staff numbers. With progress in the development of pipeline already in place and with new pipelines of new candidate compounds coming on stream, we plan to increase its human resources in R&D. However, for whatever reason, should an alliance with a CRO become terminated or should we fail to secure the planned number of staff or should the existing staff decide to leave, our business operations may be hampered, leading to a possible impact on our financial position, business performance, and cash flow.

(c) Dependency on a specific person

Mr. Fuminori Yoshida, the Representative Director, founding President and CEO, has played a key role since SymBio's foundation in the implementation and execution of all operations in the company business management. Thus, in the event that Mr. Yoshida cannot continue to perform his corporate responsibilities for some unforeseen reasons, it will have a significant impact on our business operations.

(d) The Scientific Advisory Board (SAB)

The Scientific Advisory Board (SAB) is an advisory panel to the president on the in-licensing evaluation of new drug candidates. We invite members of the panel from clinicians and scientists engaged in basic research who we regard as having excellent track records and experience. The SAB meets two or three times a year to engage in active discussion and debate, with each member giving his/her specialist perspective so that a good risk-balanced portfolio can be created from among the vast volume of drug candidates gathered from the worldwide, with due consideration of healthcare needs and profitability. We will continue in our effort to acquire members of excellence for the SAB. However, if difficulty should arise in procuring members, for reasons such as the cancellation of contract with existing members, ending of the term of office or refusal of renewal, or should a brain drain occur, there may be an impact on our in-licensing of drug candidates.

(ix) Business Results

(a) Business performance in past years

SymBio's key business indicators are given below

| Term                                   | 3rd Term      | 4th Term      | 5th Term      | 6th Term      | 7th Term      |
|----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year Ended                      | December 2007 | December 2008 | December 2009 | December 2010 | December 2011 |
| Revenues (thousand yen)                | —             | 1,630,029     | 1,191,127     | 1,449,972     | 1,882,521     |
| Operating profit (loss) (thousand yen) | (1,331,474)   | 132,859       | (208,027)     | (612,793)     | (2,066,846)   |
| Ordinary profit (loss) (thousand yen)  | (1,323,704)   | 24,169        | (214,072)     | (638,375)     | (2,095,382)   |

SymBio's net sales up until the 5th Term consisted only of income from alliance contracts (e.g. contract agreement lump sum, milestone payment). From the 6th Term, we have recorded sales deriving from the sale of products. To date, with the exception of the 4th Term, the total cost of R&D and other general administrative costs exceeded our income, resulting in the posting of losses in operating income, ordinary income and net income. For this reason, we do not consider the financial statements and indicators for past years to provide adequate reference data in making timely comparisons in business performance and in forecasting our future business performance.

(b) Expected Increase in R&D Expenditure

SymBio's R&D expenditures for the past five fiscal years are given below

| Term                           | 3rd Term      | 4th Term      | 5th Term      | 6th Term      | 7th Term      |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year Ended              | December 2007 | December 2008 | December 2009 | December 2010 | December 2011 |
| R&D expenditure (thousand yen) | 874,275       | 868,241       | 816,501       | 1,118,182     | 1,945,029     |

SymBio intends to further continue R&D activities, which would mean an increase of the cumulative loss for the foreseeable future. With future increases in the product sales revenue from more additional indications of SyB L-0501 and in the income from alliances with pharmaceutical companies, we intend to improve our business performance as soon as possible; however, there is no guarantee that our assumptions will materialize and swift performance improvement seen.

(c) Negative retained earnings brought forward

SymBio is a specialty pharmaceutical company. Until the products under development at the clinical stage reach the market so that we can earn stable income through product sales and royalty income, we will post a huge up-front outlay of R&D expenditure. Due to this, from the 1st Term to 3rd Term and from the 5th Term to 7th Term (years ended December 2005, 2006, 2007, 2009, 2010, and 2011), we have posted net current losses since our foundation. At the end of 7th Term, the year ended December 31, 2011, we recorded 5,413,091 thousand yen as retained earnings carried forward.

We intend to become a profitable business entity as early as possible by advancing our quality clinical programs in a rapid, precise and efficient manner as planned. However, the possibility still exists that profits may not be generated at the time initially planned. Should our business fail to develop as planned and net profits are not generated, we face the possibility of a considerable delay in our negative retained earnings carried forward turning positive.

(d) Fund-raising

The nature of SymBio's specialty pharmaceutical business means that the Company will require huge R&D funding. If our business plan does not take shape as planned and we suffer a shortfall in funding, we will endeavor to procure funds by changing our strategic alliances, securing new alliance contracts or issuing new stocks. However, if we fail to generate funds exactly when they are required, there may be a serious doubt cast over the continuation of our business operations.

(e) Net operating loss carried forward on tax

Net operating loss carried forward on tax exists this year end. For this reason, we are not subject to corporate tax, local inhabitant tax and local enterprise tax at the standard rates and we expect this to continue for several terms into the future.

However, if our business performance makes a good progress in future due to favorable business development, net operating loss carried forward may be removed earlier than anticipated and no longer be applied to the deduction of taxable income. Should this situation occur, we would become liable for the payments of corporate tax, local inhabitant tax and local enterprise tax at standard rates, which may have an impact on net profit/loss and cash flow currently planned.

(v) Other Risks

(a) Profit distribution to stockholders

Since the foundation of SymBio, dividends have not been distributed. We are currently at a business stage of still making up-front investment into the development of pharmaceutical drugs and we continue to prioritize the use of funds for strengthening our financial position and for continued R&D activities. Thus, we have at present no plans for making dividend payout. However, we recognize that the return of profit to stockholders is an important management issue and will consider profit distribution based on future business performance and financial condition.

(b) Procurement of funds

As we rapidly expand our business, we expect to see an increase in our development funding requirement. One of our options for procuring funds is to issue new stocks. If we do so, the number of our outstanding stock will increase, potentially diluting the value per share of our stock.

(c) Stock value dilution by execution of stock acquisition rights

We adopt the stock option plan in order to motivate and encourage higher business performance of board directors, employees, and collaborators, and to attract human resources of excellence. In accordance with the Commercial Code of 1890 Article 280-19, 280-20 and 280-21, and Companies Act Article 236, 238, and 239, stock acquisition rights are granted to board directors and employees with approval given by a resolution passed by the general meeting of shareholders.

As of the date of publication of this document, the number of stock acquisition rights (hereinafter, number of potential shares) totals 2,718,500 shares and comprises 12.4% of the total number of outstanding shares and potential shares added together.

There is the possibility that stock value per share for the company will be diluted if these existing stock acquisition rights are exercised. To attract talent, we may continue to offer similar incentives. This means that if these stock acquisition rights are exercised in future, the stock value per share of the company may be diluted.

(d) Legal risk pertaining to unregistered offering of stock acquisition rights in the past

The Company has granted stock acquisition rights under the stock option plan as long-term incentives for board directors and employees as well as collaborators since the foundation in March 2005.

Stock acquisition rights have been issued since the inception of plan paying special attention to a provision of Securities and Exchange Law of 1948 that board directors and employees are excluded from the calculation of number of persons receiving minority private offering. However, even after Order for Enforcement of the Financial Instruments and Exchange Act Article 2-12 was no longer exempted (the article had purported to exempt the application of the provision that required the exclusion of directors/officers and employees from the calculation of persons receiving small private offerings in case stock acquisition rights were granted to persons other than directors/officers and employees) due to the amendment of Guidance for Corporate Information and Related Disclosure in response to the revision of Financial Instrument and Exchange Act in September 2007, we had continued to issue stock acquisition rights in accordance with the provisions of Securities and Exchange Act 1948 due to the malfunction of internal organizations to collect information regarding revision of laws and ordinances and assess their implications to the Company.

In consequence, it came to light that we had not duly submitted Securities Registration Forms for the stock acquisition rights it had issued in October 2008, March 2009, and March 2010 despite there being legal obligations to do so as the number of persons receiving offers had exceeded 50, making them unregistered offerings prohibited under the laws.

Immediately upon discovery of this lapse, we reported the fact to the Kanto Local Finances Bureau and launched a thorough enquiry into how and why such omission arose, and swiftly submitted the legally required disclosure documents in August 2010. At the date of publication of this document, we have duly filed all the required disclosures.

Furthermore, based on in-house findings concurrently obtained regarding the cause of omission and advice received from external experts, measures to prevent recurrence are formulated and put strictly in effect focusing on the following five objectives: 1. Re-education regarding compliance at the whole company level, 2. Creation of compliance mechanism and internal organization reinforcement, 3. Reinforcement of compliance committee functions, 4. Reinforcement of relations with and active use of external experts, 5. Reinforcement of a system of checks by the board of auditors and internal audit office

We have not received any surcharge payment order related to this incident at the date of publication of this document. Should we receive any surcharge payment order, however, it may have a significant impact on our financial position, business performance, and cash flow.

(e) Stock holding by venture capital

In general, venture capitals and investment partnerships own shares for the purpose of realizing capital gains by selling shares after the IPO. There is the possibility that venture capitals and investment partnerships that own our shares may sell all or a portion of our shares they own, and should it occur, it may have an impact on the market price of our share.

(f) Risk associated with natural disasters

If any disasters (earthquake, typhoon, fire, etc.) and plague occur in our geographic business domains, which lead to the occurrence of human and material damage, or suspension and delay in business, fall in social credibility and compensation issues may have an impact on our financial position, business performance, and cash flow.

2. Situation of corporate group

None to be reported.

### 3. Management policies

#### (1) Basic policy of company management

SymBio Pharmaceuticals Limited was established in March 2005 by Fuminori Yoshida, who previously served concurrently as Corporate VP of Amgen Ltd.(United States) and President of Amgen Japan (currently Takeda Bio Development Center Limited) for 12 years since its founding stage.

We aim to achieve social and management responsibilities by responding to unmet medical needs with guiding principle of mutual harmony, spinning an intricate symbiotic relationship between patients, physicians, scientists, regulators and investors.

We regard underserved therapeutic areas with extremely significant medical needs as a business opportunity and focus on the areas of oncology, hematology, and autoimmune diseases where high entry barriers exist due to the high degree of specialization required. In this sense, we are the first specialty pharmaceutical company in Japan. Rather than exploring blockbuster new drugs (those with the sales of more than 100 billion yen), we channel our resources into the development of new drugs specializing in oncology, hematology, and autoimmune diseases, where medical needs are outstanding though with the limited market size. Holding multiple promising drugs and drug candidates in these areas will enable us to build the solid portfolio of pipelines and continue our business sustainably.

#### (2) Key performance index

We are of the opinion that, in order to enhance our enterprise value as specialty pharmaceutical company, it is inevitable to continually in-license candidate drugs under development and proceed with the development to place the products on the market, and establish the sale and support system. To this end, we intend to aggressively make an ongoing investment of management resources into R&D activities.

We recorded the product sales in this fiscal year for the first time as SyB L-0501 received a manufacture and marketing approval in Japan and Singapore in 2010. However, the product sales have not generated revenue enough to cover the aforementioned upfront investments at this moment and net profit has yet to be realized. We continuously seek the early realization of a system to secure the stable profitability by promoting TREAKISYM® in collaboration with Eisai, actively adding new indications for SyB L-0501, and developing and acquiring an approval for other products in the pipeline.

#### (3) Pipeline

SymBio currently has four pipeline products, SyB L-0501, SyB L-1101, SyB C-1101 and SyB D-0701. We will continue to in-license new candidate drugs so as to expand and build the pipeline portfolio with the balanced risk-return trade-off.

##### (i) SyB L-0501

Bendamustine hydrochloride (the generic name), the active pharmaceutical ingredient of SyB L-0501, is an anticancer drug that has been in use for a number of years in Germany under the trade name of Ribomustin for the treatment of non-Hodgkin's lymphoma<sup>(note 1)</sup>, multiple myeloma, and chronic lymphocytic leukemia. We have elected to in-license this product because there is currently no effective medication for the indications of refractory/relapsed indolent non-Hodgkin's lymphoma and mantle cell lymphoma. These are precisely underserved therapeutic areas aligned with our corporate missions and also fall within one of our targeted therapeutic fields (hematologic cancer). Astellas Deutschland GmbH is the worldwide licensor of bendamustine hydrochloride. In North America, Cephalon, Inc. (United States) is licensed from Astellas Deutschland GmbH and obtained approvals from Food and Drug Administration (FDA) in the United States to use the drug for the treatment of chronic lymphocytic leukemia and refractory B-cell non-Hodgkin's lymphoma in March 2008 and October 2008, respectively. Mundipharma International Corporation Limited (United Kingdom) and Janssen-cilag (United Kingdom) are also licensed from Astellas Deutschland GmbH and have the exclusive rights for development and marketing for Europe and other regions, respectively. Meanwhile, SymBio is licensed from Astellas Deutschland GmbH and has the exclusive rights for development and marketing for Japan, China (including Hong Kong), South Korea and Singapore. In Japan, the drug received a manufacture and marketing approval with the indications of refractory/relapsed indolent non-Hodgkin's lymphoma and mantle cell lymphoma on October 27, 2010 and came into market under the trade name of TREAKISYM® on December 10, 2010.

In addition, Phase I clinical trials finished for the new indication of refractory/relapsed aggressive non-Hodgkin's lymphoma co-administered with rituximab<sup>(note 2)</sup> and Phase II clinical trials are currently underway.

Phase II clinical trials are also underway for the indications of untreated indolent non-Hodgkin's lymphoma, untreated mantle cell lymphoma, and refractory/relapsed multiple myeloma. We intend to maximize the enterprise value of bendamustine by further promoting life cycle management. Eisai Co., Ltd. has the rights for joint development and exclusive marketing under the contract with us and sells the product in Japan.

In Asia, SyB L-0501 received the approval for the indication of indolent non-Hodgkin's lymphoma and chronic lymphocytic leukemia in Hong Kong in December 2009. In Hong Kong, Cephalon, Inc. has the exclusive rights for development and marketing and sells the drug. SyB L-0501 received the approval for the indications of indolent non-Hodgkin's lymphoma and chronic lymphocytic leukemia in Singapore in January 2010.

In South Korea and Singapore, Eisai has the exclusive rights for development and marketing under the contract with us. In Singapore, Eisai started to sell the product in September 2010 after receiving the approval. In South Korea, SyB L-0501 received the approval for the indications of chronic lymphocytic leukemia and multiple myeloma in May 2011 and Eisai started to sell the drug in October 2011.

Else, Cephalon prepares for the initiation of clinical trials in China and our business partner InnoPharmax Inc. (Taiwan) received the approval on September 28, 2011 in Taiwan for SyB L-0501.

At the American Society of Hematology (ASH) held in December 2009, Professor Mathias J. Rummel of University Hospital in Giessen (Germany) reported that the combination therapy with bendamustine and rituximab causes fewer side effects and is more efficacious than R-CHOP therapy<sup>(note 3)</sup> currently in use as the standard treatment of indolent non-Hodgkin's lymphoma as a result of the comparative study of untreated patients.

In this study, 549 untreated patients<sup>(note 4)</sup> were grouped at random into those undergoing the combination therapy of bendamustine and rituximab and those undergoing R-CHOP therapy, and the efficacy, safety and progression free survival (PFS) period<sup>(note 5)</sup> were comparatively considered between the two groups. The analysis of 513 valid cases exhibited that the median of progress free survival period (the primary evaluation item) was 54.9 months in the group with bendamustine and rituximab, prolonged by more than 20 months than 34.8 months in the R-CHOP group, which was statistically significant. As for side effects, statistical significance was exhibited for hemotoxicity, the use of G-CSF<sup>(note 6)</sup>, and hair loss. Professor Rummel concluded that the combination therapy of bendamustine and rituximab could be the first-line therapy for such indolent non-Hodgkin's lymphoma as follicular lymphoma and mantle cell lymphoma.

On December 22, 2009, approximately three weeks after the announcement by Professor Rummel at ASH, U.S. National Comprehensive Cancer Network revised Clinical Practice Guidelines in Oncology and the combination therapy of bendamustine and rituximab was listed in the guideline as a recommended first-choice drug for untreated patients of follicular lymphoma (indolent non-Hodgkin's lymphoma) and mantle cell lymphoma.

(Note 1) Non-Hodgkin's lymphoma (NHL) is a cancer of lymphatic system in which lymphocytes develop malignant growths other than Hodgkin's lymphoma. The majority of Japanese patients are suffering from NHL.

Antibody therapy with rituximab administered as first-line drug is the standard treatment for NHL. However, there is currently no established therapy for failed or relapsed cases.

(Note 2) Rituximab is a monoclonal antibody against the protein CD20 used in the treatment of CD20-positive B-cell non-Hodgkin's lymphoma. In Japan, Chugai Pharmaceutical Co., Ltd. is the original seller and Zenyaku Kyogyo Co., Ltd. manufactures and sells Rituxan® Injection 10mg/mL.

(Note 3) R-CHOP therapy denotes the combination therapy with rituximab, cyclophosphamide, doxorubicin, vincristine and prednisolone.

(Note 4) Untreated patients are those who have never been treated in the past and receive the treatment for the first time for the indication.

(Note 5) Progression free survival (PFS) period is the length of time during which the patients survive free of disease progression.

(Note 6) G-CSF is the abbreviation for granulocyte-colony stimulating factor.

#### (ii) SyB L-1101/C-1101

SyB L-1101 (the intravenous form)/C-1101 (the oral form) (the generic name: rigosertib)<sup>(note 7)</sup> is a multi-kinase inhibitor with a unique mode of action against cancer. It is presently under development by Onconova Therapeutics (United States) in the United States and Europe for the indications of myelodysplastic syndromes (MDS), pancreatic cancer and ovarian cancer. Phase III clinical trials are underway for the indication of refractory/relapsed MDS (administered by intravenous injection), the most advanced-stage development of rigosertib, with an orphan drug designation by Food and Drug Administration in the United States in 2009 and special protocol assessment (SPA)<sup>(note 8)</sup> for Phase III trial design as well.

In addition to the aforementioned advancements, an oral formulation of rigosertib is under development by Onconova Therapeutics and Phase I clinical trials are underway for untreated myelodysplastic syndromes (MDS) as the indication. Phase I clinical trials have been completed in solid tumors with the initiation of the Phase II/III combination clinical trials in pancreatic cancer and Phase II clinical trials in ovarian cancer.

SymBio signed the license agreement with Onconova Therapeutics in July 2011, for the exclusive right to develop and commercialize rigosertib for Japan and South Korea. Based on this agreement, we plan to advance the development of the intravenous form of rigosertib in refractory/relapsed MDS, for which late stage development is conducted in Europe and the United States, and subsequently in the oral form in untreated MDS. MDS represent a group of hematologic tumors with the increasing number of patients and commonly affects the elderly. MDS are relapsed diseases with a higher likelihood of developing leukemia. Effective medication has not been found especially for refractory/relapsed MDS, creating an underserved therapeutic area.

We will continue the development for the indication of solid tumor as well as MDS. We plan to develop the treatment methods that are well tolerated by patients and in compliance with relevant laws and regulations by appropriately alternating the developments of the intravenous and oral forms.

(Note 7) Multi-kinase inhibitors impede the growth, proliferation and metastasis of cancer cells, thereby eradicating them.

(Note 8) Special protocol assessment (SPA) is a declaration from Food and Drug Administration (FDA) after the end of Phase II clinical trials that an uncompleted Phase III clinical trial's design, indications, clinical endpoints, valuation items, and statistical analyses agreed upon at the pre-Phase III meeting are acceptable for FDA approval. New drug licensing application utilizing this scheme facilitates the evaluation and approval by FDA and enhances the possibility of secure product launch in the market because FDA already completes the considerations of the contents of Phase III clinical trials in advance.

(iii) SyB D-0701

SyB D-0701 is a sustained-release transdermal antiemetic patch containing granisetron and used to relieve nausea and vomiting <sup>(note 9)</sup> associated with cancer chemotherapy and radiotherapy. SyB D-0701 has an antiemetic effect that is sustained for 5 days and improves the effectiveness of treatment of patients undergoing chemotherapy and radiotherapy.

Thus, SyB D-0701 is expected to bring significant benefits to patients as well as health professionals involved as supportive care <sup>(note 10)</sup> for cancer chemotherapy and radiotherapy outpatients as cancer prevalence continues to rise in future, and to improve overall QOL (Quality of Life) of patients.

SymBio obtained from Abeille Pharmaceuticals, Inc. (United States) the exclusive right for development and commercialization for Japan, China (including Hong Kong), South Korea, Singapore and Taiwan and proceeds with the development.

We started Phase II clinical trials in December 2010 with the intention to develop a drug for radiotherapy-induced nausea and vomiting to begin with for which significant unmet medical needs exist due to the lack of effective medication.

(Note 9) Approximately 30% to 90% of patients experience nausea and vomiting associated with cancer chemotherapy and radiotherapy. These symptoms are some of the most painful side effects for patients. Persistent nausea and vomiting may lead to dehydration, electrolyte imbalance, and nutrient deprivation. They may also significantly influence the effectiveness of cancer treatment due to loss of appetite or aggravated physical and mental condition of patients. Limiting nausea and vomiting to the minimum is a key to improve overall compliance and leads the treatment to success. Vomiting is divided into three main categories:

1. Acute

Vomiting develops within 24 hours of dosage of anticancer drug, usually starting within 1 or 2 hours.

2. Delayed

Vomiting develops from 24 to 120 hours after dosage of anticancer drug, and persists for several days.

3. Anticipatory

Vomiting usually develops on the day prior to dosage of anticancer drug.

(Note 10) Supportive care for cancer chemotherapy consists of the treatment of cancer-induced symptoms and complications and the control of side effects of chemotherapy and radiotherapy, and also includes mental supports for patients. It assumes considerable significance in cancer treatment to control cancer-induced pains and nausea and vomiting associated with chemotherapy and radiotherapy.

(4) Mid-Term/Long Term strategy

SymBio is pursuing primarily the following five strategies in order to achieve 10-year Long Range Plan (LRP), which is formulated each fiscal year on the rolling basis.

(i) De-risking by post-POC strategy



We in-license drug candidates for which POC (proof of concept) is already confirmed on human subjects in principles. Accordingly, they should be the drugs that are in a relatively late stage of clinical development or already on the market overseas. The advanced development is already conducted overseas for these drug candidates and their efficacy and safety are already confirmed on human subjects, thereby reducing the development risk. We utilize existing clinical data available overseas so as to compress development timelines, reduce the development costs, and increase the likelihood of regulatory approvals in Japan and Asian markets.

(ii) Building high-quality pipeline with exceptional search and evaluation capabilities

Our new drug search engine is connected to the diverse networks with pharmaceutical companies and bio ventures, and enables us to select promising drug candidates from the vast amount of chemical compounds after the careful review by internal experts. Using their wealth of experience at the forefront of research and development, Scientific Advisory Board (SAB) members carefully evaluate and render final judgment on each drug candidate. The highly established screening process up to the final selection of drug candidate, coupled with the post-POC strategy, reduces the development risk and compresses the timelines. It also helps to understand how satisfactorily the healthcare needs are met and to improve the accuracy of revenue projections after the product launch.

(iii) Containment of fixed costs by laboless/fabless strategy

SymBio does not own any research or production facilities, which are often regarded as the main causes for fixed costs. Once development candidate compounds are searched and selected, we focus on value-added activities such as the formulation and implementation of development strategy and outsource other necessary routines. This enables us to reduce development costs of pharmaceutical drugs and secure the mobility of financial strategy.

(iv) Realization of high business efficiency by “Blue Ocean” strategy

There are many cases that the standard drug used overseas cannot be prescribed in Japan or a new drug is launched in Japan five years behind its initial approval overseas. This problem is called “drug lag” and becoming aggravated, and the term like “cancer patient refugee” has been created. The drug lag is conspicuous in our strategic therapeutic areas of oncology, hematology, and autoimmune diseases. The market of anticancer drugs is huge and still continues to grow with the population being aged. However, anticancer drugs have a wide range of indications and they are fragmented by type of cancer. There is only the limited number of patients in some therapeutic areas depending on type of cancer. Extremely high degree of specialization is required for the development of anticancer drugs in these therapeutic areas, which are often financially unattractive for larger pharmaceutical companies to pursue despite the high degree of development difficulty. This partially accounts for the causes for drug lag. Contrarily, once a new drug succeeds in receiving an approval and reaching the market for these therapeutic areas, we would be able achieve a superior growth and profitability due to the lack of fierce competition by continuously expanding the indications and bringing new products into the market.

(v) Expanding Business in Asia Pacific Countries

Significant growth in medical needs and increasing demand for higher quality therapeutic options are expected in Asian countries as they continue to undergo rapid economic development. Similar to in Japan, the trend observed is that the development of new drugs is stagnant with the population being rapidly aging in these countries. Indications in oncology, hematology, and autoimmune diseases are emerging as areas of unmet medical needs with rising demand for effective therapies. We secure the rights to manufacture and commercialize anticancer drugs SyB L-0501 and SyB L-1101/SyB C-1101 and a transdermal antiemetic patch SyB D-0701 in Asian countries not only in Japan.

(5) Issues to be solved by the Company

The Company will solve the following important issues:

(i) Further expansion of pipeline

In order to enhance the enterprise value as specialty pharmaceutical company, we need to expand the pipeline through continually in-licensing of new candidate drugs for development.

We have four products in the pipeline and clinical trials are underway for an anticancer drug SyB L-0501 and a transdermal antiemetic patch SyB D-0701. An anticancer drug SyB L-1101 (the intravenous form), which we in-licensed in July 2011, is being prepared for the initiation of clinical trials. We continue with ongoing efforts to in-license an additional pipeline.

(ii) Pursuit of life cycle management of TREAKISYM® (SyB L-0501)

In order to enhance the enterprise value, it is critical to maximize returns from each drug candidate under development by adding new indications for developed candidate drugs after their initial introduction in pursuit of life cycle management.

TREAKISYM® has received the approval for manufacture and marketing with the approved indications of refractory/relapsed indolent non-Hodgkin's lymphoma and refractory/relapsed mantle cell lymphoma. Phase II clinical trials are underway for untreated indolent non-Hodgkin's lymphoma, untreated mantle cell lymphoma, and refractory/relapsed multiple myeloma as additional indications. We will add new indications in pursuit of life cycle management to maximize the value of TREAKISYM®.

(iii) Expansion to other Asian regions

SymBio positions China (including Hong Kong), South Korea, Taiwan, and Singapore as our important strategic geographic domains in addition to Japan. In these areas, high growth in economy and medical needs is expected and we consider that these areas will assume increasing importance in our corporate strategy.

Among our pipelines, we plan to develop and market SyB L-0501 and SyB D-0701 in China (including Hong Kong), South Korea, Taiwan, and Singapore as well as Japan. It is established by the result of market survey that significant medical needs exist for SyB L-0501 and SyB D-0701 in these countries. We also plan to develop and market SyB L-1101/C-1101 in South Korea other than Japan. We will aggressively launch clinical trials and apply for marketing approvals in these Asian countries.

(iv) Securing people

SymBio places the highest priority on people as the company management resource. We cannot make superior achievements in exploring and developing new drugs without talent. Also, a company that considers out-licensing drug candidates to us critically evaluates the quality of our people in due-diligence. Hence, we plan to further strengthen our human resources by continually recruiting talent and providing development programs such as OJT and other trainings.

(v) Financial issue

There is a possibility that the Company raises funds necessary for business activities such as R&D expenditures externally as the pipeline development progresses and the number of drug candidates increases. Therefore, we make every effort to strengthen the financial base by continually diversifying the method for fund procurement and reducing costs through and thorough budget control.

(6) Other important matters concerning the company management

(i) Third-party allotment and stock listing

The Company made a capital increase totaling 2,000,040 thousand yen through a third-party allotment in February 2011 and March 2011 to secure funds necessary for R&D activities. Besides, SymBio Pharmaceuticals Limited was listed on Osaka Securities Exchange JASDAQ Growth Market in October 2011 and 2,627,520 thousand yen was raised.

(ii) Important contracts

The Company signed the license agreement with Onconova Therapeutics, Inc. (United States), acquiring the exclusive development and marketing right for Japan and South Korea for the anticancer drug SyB 1101 (the generic name: rigosertib) on July 7, 2011.

#### 4. Financial statements

##### (1) Balance sheet

(Unit: Thousand yen)

|                                              | Fiscal 2010 (December 31, 2010) | Fiscal 2011 (December 31, 2011) |
|----------------------------------------------|---------------------------------|---------------------------------|
| <b>Assets</b>                                |                                 |                                 |
| <b>Current assets</b>                        |                                 |                                 |
| Cash and deposit                             | 2,314,484                       | 4,558,714                       |
| Accounts receivable                          | 5,934                           | 162,409                         |
| Marketable securities                        | 1,701,323                       | 1,952,533                       |
| Merchandise and finished goods               | -                               | 207,467                         |
| Prepaid expenses                             | 101,905                         | 79,038                          |
| Advance                                      | 86,081                          | 124,589                         |
| Refundable consumption tax                   | -                               | 69,571                          |
| Other                                        | 3,070                           | 24,067                          |
| <b>Total current assets</b>                  | <b>4,212,800</b>                | <b>7,178,392</b>                |
| <b>Fixed assets</b>                          |                                 |                                 |
| <b>Tangible fixed assets</b>                 |                                 |                                 |
| Building                                     | 7,358                           | 7,358                           |
| (Accumulated depreciation)                   | (4,726)                         | (4,889)                         |
| Building, net                                | 2,631                           | 2,468                           |
| Fixtures and equipment                       | 30,987                          | 32,410                          |
| (Accumulated depreciation)                   | (11,691)                        | (17,471)                        |
| Fixtures and equipment, net                  | 19,295                          | 14,938                          |
| <b>Total tangible fixed assets</b>           | <b>21,927</b>                   | <b>17,407</b>                   |
| <b>Intangible fixed assets</b>               |                                 |                                 |
| Software                                     | 772                             | 9,541                           |
| Lease assets                                 | -                               | 3,189                           |
| <b>Total intangible fixed assets</b>         | <b>772</b>                      | <b>12,730</b>                   |
| <b>Investments and other assets</b>          |                                 |                                 |
| Fixed leasehold deposit and security deposit | 27,282                          | 23,264                          |
| Long-term prepaid expense                    | -                               | 24,300                          |
| <b>Total investments and other assets</b>    | <b>27,282</b>                   | <b>47,564</b>                   |
| <b>Total fixed assets</b>                    | <b>49,982</b>                   | <b>77,702</b>                   |
| <b>Total assets</b>                          | <b>4,262,783</b>                | <b>7,256,094</b>                |

(Unit: Thousand yen)

|                                                | Fiscal 2010 (December 31, 2010) | Fiscal 2011 (December 31, 2011) |
|------------------------------------------------|---------------------------------|---------------------------------|
| <b>Liabilities</b>                             |                                 |                                 |
| Current liabilities                            |                                 |                                 |
| Trade accounts payable                         | 1,168                           | 308,953                         |
| Lease obligations                              | -                               | 719                             |
| Other accounts payable                         | 124,323                         | 277,898                         |
| Income taxes payable                           | 10,702                          | 19,073                          |
| Accrued consumption tax                        | 8,107                           | -                               |
| Advance received                               | 1,382                           | 1,382                           |
| Other                                          | 32,200                          | 37,719                          |
| Total current liabilities                      | 177,884                         | 645,746                         |
| Long-term liabilities                          |                                 |                                 |
| Lease obligations                              | -                               | 2,691                           |
| Allowance for retirement benefits              | 1,835                           | 2,092                           |
| Total long-term liabilities                    | 1,835                           | 4,783                           |
| Total liabilities                              | 179,719                         | 650,529                         |
| <b>Net assets</b>                              |                                 |                                 |
| Shareholders' equity                           |                                 |                                 |
| Capital stock                                  | 3,710,830                       | 6,024,610                       |
| Capital surplus                                |                                 |                                 |
| Capital reserve                                | 3,680,830                       | 5,994,610                       |
| Total capital surplus                          | 3,680,830                       | 5,994,610                       |
| Earned surplus                                 |                                 |                                 |
| Other earned surplus                           |                                 |                                 |
| Earned surplus carried forward                 | (3,308,577)                     | (5,413,091)                     |
| Total earned surplus                           | (3,308,577)                     | (5,413,091)                     |
| Treasury shares                                | -                               | (17)                            |
| Total shareholders' equity                     | 4,083,082                       | 6,606,110                       |
| Appraisal and conversion variance, etc.        |                                 |                                 |
| Other marketable securities appraisal variance | (18)                            | (546)                           |
| Total appraisal and conversion variance, etc.  | (18)                            | (546)                           |
| Total net assets                               | 4,083,064                       | 6,605,564                       |
| Total liabilities and net assets               | 4,262,783                       | 7,256,094                       |

(2) Income statement

(Unit: Thousand yen)

|                                                                               | Fiscal 2010 (January 1, 2010 to<br>December 31, 2010) | Fiscal 2011 (January 1, 2011 to<br>December 31, 2011) |
|-------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Net sales                                                                     |                                                       |                                                       |
| Product sales                                                                 | 325,650                                               | 1,632,471                                             |
| Rights income                                                                 | 1,124,322                                             | 250,050                                               |
| Net sales                                                                     | 1,449,972                                             | 1,882,521                                             |
| Cost of sales                                                                 |                                                       |                                                       |
| Beginning balance of inventory                                                | -                                                     | -                                                     |
| Purchased                                                                     | 238,183                                               | 1,433,633                                             |
| Full year                                                                     | 238,183                                               | 1,433,633                                             |
| Transfer to other accounts                                                    | -                                                     | *4 1,981                                              |
| Yearend of inventory                                                          | -                                                     | 207,467                                               |
| Cost of sales                                                                 | 238,183                                               | 1,224,185                                             |
| Gross profit                                                                  | 1,211,789                                             | 658,336                                               |
| Selling, general and administrative expenses                                  | *1, *2 1,824,582                                      | *1, *2 2,725,182                                      |
| Operating (loss)                                                              | (612,793)                                             | (2,066,846)                                           |
| Non-operating income                                                          |                                                       |                                                       |
| Interest income                                                               | 1,014                                                 | 863                                                   |
| Interest on securities                                                        | 2,420                                                 | 2,559                                                 |
| Income from subvention                                                        | 8,213                                                 | 51,891                                                |
| Other                                                                         | 1,077                                                 | 1,068                                                 |
| Total non-operating income                                                    | 12,725                                                | 56,382                                                |
| Non-operating expense                                                         |                                                       |                                                       |
| Loss on sales of marketable securities                                        | 7,926                                                 | -                                                     |
| Interest expenses                                                             | -                                                     | 668                                                   |
| Fees                                                                          | 10,376                                                | 21,967                                                |
| New share issuing expense                                                     | 2,328                                                 | 16,721                                                |
| Foreign exchange loss                                                         | 4,951                                                 | 9,895                                                 |
| IPO preparation costs                                                         | 12,725                                                | 35,665                                                |
| Other                                                                         | 0                                                     | -                                                     |
| Total non-operating expenses                                                  | 38,308                                                | 84,919                                                |
| Ordinary (loss)                                                               | (638,375)                                             | (2,095,382)                                           |
| Extraordinary loss                                                            |                                                       |                                                       |
| Loss on disposal of fixed assets                                              | *3 132                                                | -                                                     |
| Impact of application of accounting standard for asset retirement obligations | -                                                     | 5,331                                                 |
| Total extraordinary loss                                                      | 132                                                   | 5,331                                                 |
| (Loss) before tax                                                             | (638,507)                                             | (2,100,713)                                           |
| Corporate tax, local inhabitant tax, and local enterprise tax                 | 3,800                                                 | 3,800                                                 |
| Total income tax                                                              | 3,800                                                 | 3,800                                                 |
| Net (loss)                                                                    | (642,307)                                             | (2,104,513)                                           |

(3) Statement of changes in shareholders' equity, etc.

(Unit: Thousand yen)

|                                           | Fiscal 2010 (January 1, 2010 to<br>December 31, 2010) | Fiscal 2011 (January 1, 2011 to<br>December 31, 2011) |
|-------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Shareholders' equity                      |                                                       |                                                       |
| Capital stock                             |                                                       |                                                       |
| Previous fiscal year end balance          | 3,378,250                                             | 3,710,830                                             |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Issuance of new shares                    | 332,580                                               | 2,313,780                                             |
| Total amount of change during fiscal year | 332,580                                               | 2,313,780                                             |
| Fiscal yearend balance                    | 3,710,830                                             | 6,024,610                                             |
| Capital surplus                           |                                                       |                                                       |
| Capital reserve                           |                                                       |                                                       |
| Previous fiscal year end balance          | 3,348,250                                             | 3,680,830                                             |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Issuance of new shares                    | 332,580                                               | 2,313,780                                             |
| Total amount of change during fiscal year | 332,580                                               | 2,313,780                                             |
| Fiscal yearend balance                    | 3,680,830                                             | 5,994,610                                             |
| Total capital surplus                     |                                                       |                                                       |
| Previous fiscal year end balance          | 3,348,250                                             | 3,680,830                                             |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Issuance of new shares                    | 332,580                                               | 2,313,780                                             |
| Total amount of change during fiscal year | 332,580                                               | 2,313,780                                             |
| Fiscal yearend balance                    | 3,680,830                                             | 5,994,610                                             |
| Earned surplus                            |                                                       |                                                       |
| Other earned surplus                      |                                                       |                                                       |
| Earned surplus carried forward            |                                                       |                                                       |
| Previous fiscal year end balance          | (2,666,269)                                           | (3,308,577)                                           |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Net (loss)                                | (642,307)                                             | (2,104,513)                                           |
| Total amount of change during fiscal year | (642,307)                                             | (2,104,513)                                           |
| Fiscal yearend balance                    | (3,308,577)                                           | (5,413,091)                                           |
| Total earned surplus                      |                                                       |                                                       |
| Previous fiscal year end balance          | (2,666,269)                                           | (3,308,577)                                           |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Net loss (-)                              | (642,307)                                             | (2,104,513)                                           |
| Total amount of change during fiscal year | (642,307)                                             | (2,104,513)                                           |
| Fiscal yearend balance                    | (3,308,577)                                           | (5,413,091)                                           |
| Treasury shares                           |                                                       |                                                       |
| Previous fiscal year end balance          | -                                                     | -                                                     |
| Amount of change during this fiscal year  |                                                       |                                                       |
| Purchase of treasury stock                | -                                                     | (17)                                                  |
| Total amount of change during fiscal year | -                                                     | (17)                                                  |
| Fiscal yearend balance                    | -                                                     | (17)                                                  |

(Unit: Thousand yen)

|                                                                          | Fiscal 2010 (January 1, 2010 to<br>December 31, 2010) | Fiscal 2011 (January 1, 2011 to<br>December 31, 2011) |
|--------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Total shareholders' equity                                               |                                                       |                                                       |
| Previous fiscal year end balance                                         | 4,060,230                                             | 4,083,082                                             |
| Amount of change during this fiscal year                                 |                                                       |                                                       |
| Issuance of new shares                                                   | 665,160                                               | 4,627,560                                             |
| Net (loss)                                                               | (642,307)                                             | (2,104,513)                                           |
| Purchase of treasury stock                                               | -                                                     | (17)                                                  |
| Total amount of change during fiscal year                                | 22,852                                                | 2,523,028                                             |
| Fiscal yearend balance                                                   | 4,083,082                                             | 6,606,110                                             |
| Appraisal and conversion variance, etc.                                  |                                                       |                                                       |
| Other marketable securities appraisal variance                           |                                                       |                                                       |
| Previous fiscal year end balance                                         | (6,471)                                               | (18)                                                  |
| Amount of change during this fiscal year                                 |                                                       |                                                       |
| Net change in other items than shareholders'<br>equity during the period | 6,453                                                 | (527)                                                 |
| Total amount of change during fiscal year                                | 6,453                                                 | (527)                                                 |
| Fiscal yearend balance                                                   | (18)                                                  | (546)                                                 |
| Total appraisal and conversion variance, etc.                            |                                                       |                                                       |
| Previous fiscal year end balance                                         | (6,471)                                               | (18)                                                  |
| Amount of change during this fiscal year                                 |                                                       |                                                       |
| Net change in other items than shareholders'<br>equity during the period | 6,453                                                 | (527)                                                 |
| Total amount of change during fiscal year                                | 6,453                                                 | (527)                                                 |
| This fiscal year end balance                                             | (18)                                                  | (546)                                                 |
| Total net assets                                                         |                                                       |                                                       |
| Previous fiscal year end balance                                         | 4,053,758                                             | 4,083,064                                             |
| Amount of change during this fiscal year                                 |                                                       |                                                       |
| Issuance of new shares                                                   | 665,160                                               | 4,627,560                                             |
| Net loss (-)                                                             | (642,307)                                             | (2,104,513)                                           |
| Purchase of treasury stock                                               | -                                                     | (17)                                                  |
| Net change in other items than shareholders'<br>equity during the period | 6,453                                                 | (527)                                                 |
| Total amount of change during fiscal year                                | 29,305                                                | 2,522,500                                             |
| This fiscal year end balance                                             | 4,083,064                                             | 6,605,564                                             |

(4) Cash flow statement

(Unit: Thousand yen)

|                                                                               | Fiscal 2010 (January 1, 2010 to<br>December 31, 2010) | Fiscal 2011 (January 1, 2011 to<br>December 31, 2011) |
|-------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Cash flow from operating activities                                           |                                                       |                                                       |
| (Loss) before tax                                                             | (638,507)                                             | (2,100,713)                                           |
| Depreciation                                                                  | 6,519                                                 | 8,167                                                 |
| Amortization of security deposits                                             | 332                                                   | 2,398                                                 |
| Impact of application of accounting standard for asset retirement obligations | -                                                     | 5,331                                                 |
| Increase (decrease) in allowance for retirement benefits                      | 268                                                   | 257                                                   |
| Interest income                                                               | (3,435)                                               | (3,422)                                               |
| Interest expenses                                                             | -                                                     | 668                                                   |
| Foreign exchange loss (gain)                                                  | 5,235                                                 | 23,647                                                |
| New share issuing expense                                                     | 2,328                                                 | 16,721                                                |
| Fees                                                                          | 10,376                                                | 21,967                                                |
| Loss on disposal of fixed assets                                              | 132                                                   | -                                                     |
| Decrease (increase) in accounts receivable                                    | (5,934)                                               | (156,474)                                             |
| Decrease (increase) in inventories                                            | -                                                     | (207,467)                                             |
| Decrease (increase) in prepaid expenses                                       | (58,295)                                              | 11,728                                                |
| Decrease (increase) in advances                                               | (31,887)                                              | (38,507)                                              |
| Decrease (increase) in consumption tax receivable                             | 9,147                                                 | (69,571)                                              |
| Decrease (increase) in other current assets                                   | (749)                                                 | (20,592)                                              |
| Decrease (increase) in long-term prepaid expenses                             | -                                                     | (24,300)                                              |
| Increase (decrease) in trade payable                                          | 1,168                                                 | 307,784                                               |
| Increase (decrease) in other accounts payable                                 | (57,859)                                              | 153,739                                               |
| Increase (decrease) in consumption tax payable                                | 8,107                                                 | (8,107)                                               |
| Increase (decrease) in advance received                                       | 1,382                                                 | -                                                     |
| Increase (decrease) in other current liabilities                              | 20,476                                                | 13,889                                                |
| Other                                                                         | 290                                                   | 641                                                   |
| Subtotal                                                                      | (730,904)                                             | (2,062,214)                                           |
| Interest and dividends received                                               | 3,988                                                 | 3,451                                                 |
| Commitment fee paid                                                           | (22,500)                                              | (10,829)                                              |
| Interest paid                                                                 | -                                                     | (664)                                                 |
| Income taxes paid                                                             | (4,555)                                               | (3,800)                                               |
| Cash flow from operating activities                                           | (753,971)                                             | (2,074,057)                                           |
| Cash flow from investing activities                                           |                                                       |                                                       |
| Payment for purchase of marketable securities                                 | (200,905)                                             | (201,283)                                             |
| Proceeds from redemption of marketable securities                             | 100,000                                               | 100,000                                               |
| Expenditure for the purchase of tangible fixed assets                         | (14,157)                                              | (1,422)                                               |
| Expenditure for the purchase of intangible fixed Assets                       | -                                                     | (10,940)                                              |
| Payment for fixed leasehold deposit and security Deposit                      | (844)                                                 | (4,257)                                               |
| Proceeds from redemption of fixed leasehold deposit and security deposit      | 273                                                   | 546                                                   |
| Cash flow from investing activities                                           | (115,633)                                             | (117,356)                                             |



(Unit: Thousand yen)

|                                                                      | Fiscal 2010 (January 1, 2010 to<br>December 31, 2010) | Fiscal 2011 (January 1, 2011 to<br>December 31, 2011) |
|----------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Cash flow from financing activities                                  |                                                       |                                                       |
| Proceeds from issuance of new stock                                  | 665,160                                               | 4,627,560                                             |
| Payment for issuance of new stock                                    | (2,328)                                               | (16,721)                                              |
| Payment for purchase of treasury stock                               | -                                                     | (17)                                                  |
| Cash flow from financing activities                                  | 662,832                                               | 4,610,820                                             |
| Effect of foreign exchange rate changes on cash and cash equivalents | 1,236                                                 | (24,193)                                              |
| Increase (decrease) in cash and cash equivalents                     | (205,536)                                             | 2,395,213                                             |
| Cash and cash equivalents at the beginning of the period             | 4,121,301                                             | 3,915,765                                             |
| Cash and cash equivalents at the end of the period                   | *3,915,765                                            | *6,310,978                                            |

(5) Related parties

Non to be reported

(6) Important accounting policies

| Item                                                                             | Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                                                                                                             |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Method for appraisal of marketable securities                                 | <p>Other marketable securities</p> <p>Those with market price</p> <p>By market value method based on the market price on the accounting date (appraisal variance shall all be handled by direct input into net assets and the sales price by moving average method).</p> <p>Those with no market price</p> <p>Cost method based on moving average method</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Other marketable securities</p> <p>Those with market price</p> <p>Same as on the left</p> <p>Those with no market price</p> <p>Same as on the left</p>                                                                      |
| 2. Method for appraisal of inventories                                           | By cost method based on total average method (balance sheet value is calculated by writing down the book value reflecting decreased profitability)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Same as on the left                                                                                                                                                                                                            |
| 3. Method for depreciation of fixed assets                                       | <p>(1) Tangible fixed assets (excluding lease assets)</p> <p>By straight-line depreciation method</p> <p>Period of depreciation for major items are as follows:</p> <p>Building 2 to 18 years</p> <p>Equipment &amp; fixtures 4 to 10 years</p> <p>(2) Intangible fixed assets (excluding lease assets)</p> <p>By straight-line depreciation method</p> <p>Software used by the Company are depreciated based on the availability period in the company (5 years)</p> <p>(3) Lease assets</p> <p>Depreciation is calculated on the straight-line method over the lease period as the useful period, assuming no residual value.</p> <p>Non-ownership-transfer finance leases that commenced prior to December 31, 2008 are handled by the accounting procedure pursuant to the method concerning ordinary lease transactions.</p> | <p>(1) Tangible fixed assets (excluding lease assets)</p> <p>Same as on the left</p> <p>(2) Intangible fixed assets (excluding lease assets)</p> <p>Same as on the left</p> <p>(3) Lease assets</p> <p>Same as on the left</p> |
| 4. Accounting method for deferred assets                                         | <p>New share issuing expense</p> <p>The full amount shall be handled as expenses at the time of occurrence.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>New share issuing expense</p> <p>Same as on the left</p>                                                                                                                                                                    |
| 5. Standards for converting assets and liabilities in foreign currencies to yen. | Monetary debts and credits denominated in foreign currencies are exchanged to yen at the spot exchange rate on the final day of the term, and exchange differences are handled as profit or loss.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Same as on the left                                                                                                                                                                                                            |

| Item                                                                      | Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                             |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 6. Standards for provisions                                               | <p>(1) Allowance for bad debt<br/>For future loss due to bad debt, the amount of no recoverable debt is estimated based on historical rate for general credit and inspected result for doubtful credit.<br/>For this year, allowance for bad debt is not recorded because there is no doubtful credit.</p> <p>(2) Allowance for retirement benefits<br/>It is accounted for based on an estimate of retirement benefits liability as of the end of this fiscal year for the purpose to provide for payment of employees retirement benefits.</p> | <p>(1) Allowance for bad debt<br/>Same as on the left</p> <p>(2) Allowance for retirement benefits<br/>Same as on the left</p> |
| 7. Cash in cash flow statement                                            | The amount includes cash on hand, deposit readily available upon call, and short-term investments maturing within three months from the acquisition date that involve little risk of price fluctuations.                                                                                                                                                                                                                                                                                                                                         | Same as on the left                                                                                                            |
| 8. Other important matters basing the preparation of financial statements | Accounting procedure for consumption tax<br>By tax-excluded method.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Accounting procedure for consumption tax<br>Same as on the left                                                                |

(7) Change in accounting method

| Fiscal 2010 (January 1, 2010 to December 31, 2010) | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| —————                                              | <p>(Application of accounting standard for asset retirement obligations)<br/>Effective from this fiscal year, the Company adopted new accounting standards, “Accounting Standard for Asset Retirement Obligations” (ASBJ statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard For Asset Retirement Obligations” (ASBJ guidance No. 21, March 31, 2008).<br/>Due to this, operating loss and ordinary loss increased by 1,906 thousand yen and loss before tax and net loss increased by 7,238 thousand yen for the period. Also, fixed leasehold deposit and security deposit in investments and other assets decreased by 5,331 thousand yen.</p> |

(8) Changes in presentations

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                           | Fiscal 2011 (January 1, 2011 to December 31, 2011) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <p>Net sales were presented only in total until the previous fiscal year. Beginning this fiscal year, product sales and rights income are separately presented to clarify the breakdowns of net sales as the Company started the sale of SyB L-0501. For reference, there was no product sales and rights income was 1,191,127 thousand yen in the previous fiscal year.</p> | <p style="text-align: center;">—————</p>           |

(9) Notes on financial statements

(Balance sheet)

| Fiscal 2010 (December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Fiscal 2011 (December 31, 2011)                     |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------|----------------------------------|---------------|------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------|----------------------------------|---------------|------------|------------------------|
| <p>1. The Company has overdraft and commitment line contracts with three banks in a business relationship to efficiently procure working capital. Amounts of borrowing available based on these contracts at the end of this fiscal year are as follows:</p> <table data-bbox="159 985 782 1187"> <tr> <td>Total amount of overdraft limit and commitment line</td> <td style="text-align: right;">1,350,000 thousand yen</td> </tr> <tr> <td>Balance of borrowing outstanding</td> <td style="text-align: right;">-thousand yen</td> </tr> <tr> <td style="border-top: 1px solid black;">Net amount</td> <td style="text-align: right; border-top: 1px solid black;">1,350,000 thousand yen</td> </tr> </table> | Total amount of overdraft limit and commitment line | 1,350,000 thousand yen | Balance of borrowing outstanding | -thousand yen | Net amount | 1,350,000 thousand yen | <p>1. The Company has overdraft and commitment line contracts with three banks in a business relationship to efficiently procure working capital. Amounts of borrowing available based on these contracts at the end of this fiscal year are as follows:</p> <table data-bbox="813 985 1436 1187"> <tr> <td>Total amount of overdraft limit and commitment line</td> <td style="text-align: right;">1,350,000 thousand yen</td> </tr> <tr> <td>Balance of borrowing outstanding</td> <td style="text-align: right;">-thousand yen</td> </tr> <tr> <td style="border-top: 1px solid black;">Net amount</td> <td style="text-align: right; border-top: 1px solid black;">1,350,000 thousand yen</td> </tr> </table> | Total amount of overdraft limit and commitment line | 1,350,000 thousand yen | Balance of borrowing outstanding | -thousand yen | Net amount | 1,350,000 thousand yen |
| Total amount of overdraft limit and commitment line                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,350,000 thousand yen                              |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
| Balance of borrowing outstanding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -thousand yen                                       |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
| Net amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1,350,000 thousand yen                              |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
| Total amount of overdraft limit and commitment line                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,350,000 thousand yen                              |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
| Balance of borrowing outstanding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -thousand yen                                       |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |
| Net amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1,350,000 thousand yen                              |                        |                                  |               |            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                     |                        |                                  |               |            |                        |

(Income statement)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Fiscal 2011 (January 1, 2011 to December 31, 2011) |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------|-------------------------|----------------------|-----------------------------|------------------|-------------------------------|------------------------|--------------|--------------------|------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|-------------------------|----------------------|-----------------------------|------------------|-------------------------------|------------------------|--------------|--------------------|----------------------------------------------|--------------------|
| <p>*1 Of selling, general and administrative expense, selling expenses account for 1.8% and general and administrative expenses account for 98.2%.<br/>Major components and their amounts are as follows:</p> <table> <tr> <td>Executive compensation</td> <td>85,836 thousand yen</td> </tr> <tr> <td>Salaries and allowances</td> <td>256,427 thousand yen</td> </tr> <tr> <td>Retirement benefit expenses</td> <td>638 thousand yen</td> </tr> <tr> <td>Research and development cost</td> <td>1,118,182 thousand yen</td> </tr> <tr> <td>Depreciation</td> <td>2,525 thousand yen</td> </tr> </table> <p>*2 R&amp;D spending is all included in general and administrative expenses and the amount is 1,118,182 thousand yen.</p> <p>*3 Breakdowns of loss on disposal of fixed assets are as follows:</p> <table> <tr> <td>Fixtures and equipment</td> <td>132 thousand yen</td> </tr> </table> | Executive compensation                             | 85,836 thousand yen | Salaries and allowances | 256,427 thousand yen | Retirement benefit expenses | 638 thousand yen | Research and development cost | 1,118,182 thousand yen | Depreciation | 2,525 thousand yen | Fixtures and equipment | 132 thousand yen | <p>*1 Of selling, general and administrative expense, selling expenses account for 1.4% and general and administrative expenses account for 98.6%.<br/>Major components and their amounts are as follows:</p> <table> <tr> <td>Executive compensation</td> <td>98,271 thousand yen</td> </tr> <tr> <td>Salaries and allowances</td> <td>265,620 thousand yen</td> </tr> <tr> <td>Retirement benefit expenses</td> <td>713 thousand yen</td> </tr> <tr> <td>Research and development cost</td> <td>1,945,029 thousand yen</td> </tr> <tr> <td>Depreciation</td> <td>7,653 thousand yen</td> </tr> </table> <p>*2 R&amp;D spending is all included in general and administrative expenses and the amount is 1,945,029 thousand yen.</p> <p>_____</p> <p>*4 Details of transfer to other accounts are as follows:</p> <table> <tr> <td>Selling, general and administrative expenses</td> <td>1,981 thousand yen</td> </tr> </table> | Executive compensation | 98,271 thousand yen | Salaries and allowances | 265,620 thousand yen | Retirement benefit expenses | 713 thousand yen | Research and development cost | 1,945,029 thousand yen | Depreciation | 7,653 thousand yen | Selling, general and administrative expenses | 1,981 thousand yen |
| Executive compensation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 85,836 thousand yen                                |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Salaries and allowances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 256,427 thousand yen                               |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Retirement benefit expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 638 thousand yen                                   |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Research and development cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,118,182 thousand yen                             |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2,525 thousand yen                                 |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Fixtures and equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 132 thousand yen                                   |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Executive compensation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 98,271 thousand yen                                |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Salaries and allowances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 265,620 thousand yen                               |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Retirement benefit expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 713 thousand yen                                   |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Research and development cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1,945,029 thousand yen                             |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 7,653 thousand yen                                 |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |
| Selling, general and administrative expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,981 thousand yen                                 |                     |                         |                      |                             |                  |                               |                        |              |                    |                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |                     |                         |                      |                             |                  |                               |                        |              |                    |                                              |                    |

(Statement of change in shareholders' equity, etc.)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

1. Type and number of issued shares

|               | Number of shares at the end of previous fiscal year (shares) | Increase during this fiscal year (shares) | Decrease during this fiscal year (shares) | Number of shares at the end of this fiscal year (shares) |
|---------------|--------------------------------------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------------------------|
| Issued shares |                                                              |                                           |                                           |                                                          |
| Common stock  | 100,651                                                      | 11,086                                    | -                                         | 111,737                                                  |
| Full year     | 100,651                                                      | 11,086                                    | -                                         | 111,737                                                  |

(Note) Increase of common stock issued by 11,086 shares is due to new stock issuance by third-party allotment.

2. Number and type of treasury stock

None to be reported.

3. Stock acquisition rights

| Classification | Details of Stock acquisition rights        | Type of stock as object of Stock acquisition rights | Number of shares as object of Stock acquisition rights (shares) |          |          |                         | Balance at the end of this fiscal year (thousand yen) |
|----------------|--------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------|----------|----------|-------------------------|-------------------------------------------------------|
|                |                                            |                                                     | End of previous fiscal year                                     | Increase | Decrease | End of this fiscal year |                                                       |
| The Company    | Stock acquisition rights for stock options | -                                                   | -                                                               | -        | -        | -                       | -                                                     |
| Full year      |                                            |                                                     | -                                                               | -        | -        | -                       | -                                                     |

(Note) Type and number of shares as object of above-mentioned Stock acquisition rights are described in “Stock options.”

4. Dividends

None to be reported.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

1. Type and number of issued and treasury shares

|                       | Number of shares at the end of previous fiscal year (shares) | Increase during this fiscal year (shares) | Decrease during this fiscal year (shares) | Number of shares at the end of this fiscal year (shares) |
|-----------------------|--------------------------------------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------------------------|
| Issued shares         |                                                              |                                           |                                           |                                                          |
| Common stock (note 1) | 111,737                                                      | 19,019,163                                | -                                         | 19,130,900                                               |
| Full year             | 111,737                                                      | 19,019,163                                | -                                         | 19,130,900                                               |
| Treasury shares       |                                                              |                                           |                                           |                                                          |
| Common stock (note 2) | -                                                            | 75                                        | -                                         | 75                                                       |
| Full year             | -                                                            | 75                                        | -                                         | 75                                                       |

(Note) 1. Increase in number of shares outstanding of common stock by 19,019,163 shares is due to an increase of 28,572 shares by third-party allotment, an increase of 5,100,000 shares by new stock issuance by offering, and an increase of 13,890,591 shares by 100-for-1 stock split as at June 2, 2011.

2. Increase in number of treasury shares of common stock by 75 shares is due to the purchase of fractional shares.

2. Stock acquisition rights

| Classification | Details of Stock acquisition rights        | Type of stock as object of Stock acquisition rights | Number of shares as object of Stock acquisition rights (shares) |          |          |                         | Balance at the end of this fiscal year (thousand yen) |
|----------------|--------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------|----------|----------|-------------------------|-------------------------------------------------------|
|                |                                            |                                                     | end of previous fiscal year                                     | increase | decrease | End of this fiscal year |                                                       |
| The Company    | Stock acquisition rights for stock options | -                                                   | -                                                               | -        | -        | -                       | -                                                     |
| Full year      |                                            |                                                     | -                                                               | -        | -        | -                       | -                                                     |

(Note) Type and number of shares as object of above-mentioned Stock acquisition rights are described in “Stock options.”

3. Dividends

None to be reported.

(Cash flow statements)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Fiscal 2011 (January 1, 2011 to December 31, 2011) |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------|-----------------------|-----------|------------------------------------------------|-----------|---------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|-----------------------|-----------|------------------------------------------------|-----------|---------------------------|-----------|
| <p>*Relationship between cash and cash equivalents and the amounts of items on balance sheet</p> <p style="text-align: right;">(As of December 31, 2010)</p> <p style="text-align: right;">(Thousand yen)</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">2,314,484</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">1,701,323</td> </tr> <tr> <td>Debt with the maturity of longer than 3 months</td> <td style="text-align: right;">(100,043)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">3,915,765</td> </tr> </table> | Cash and deposits                                  | 2,314,484 | Marketable securities | 1,701,323 | Debt with the maturity of longer than 3 months | (100,043) | Cash and cash equivalents | 3,915,765 | <p>*Relationship between cash and cash equivalents and the amounts of items on balance sheet</p> <p style="text-align: right;">(As of December 31, 2011)</p> <p style="text-align: right;">(Thousand yen)</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">4,558,714</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">1,952,533</td> </tr> <tr> <td>Debt with the maturity of longer than 3 months</td> <td style="text-align: right;">(200,270)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">6,310,978</td> </tr> </table> | Cash and deposits | 4,558,714 | Marketable securities | 1,952,533 | Debt with the maturity of longer than 3 months | (200,270) | Cash and cash equivalents | 6,310,978 |
| Cash and deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2,314,484                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Marketable securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,701,323                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Debt with the maturity of longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (100,043)                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Cash and cash equivalents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3,915,765                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Cash and deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 4,558,714                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Marketable securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,952,533                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Debt with the maturity of longer than 3 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (200,270)                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |
| Cash and cash equivalents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6,310,978                                          |           |                       |           |                                                |           |                           |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |           |                       |           |                                                |           |                           |           |

(Lease transactions)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                    |                                                      |                                                              |                                                    | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                     |                                                      |                                                              |                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|
| Finance lease transactions other than those in which the ownership of the lease property transfers to the borrower                                                                                                                                    |                                                      |                                                              |                                                    | Finance lease transactions other than those in which the ownership of the lease property transfers to the borrower                     |                                                      |                                                              |                                                    |
| 1. Amounts equivalent to original cost, accumulated depreciation, accumulated impairment loss, and ending balance of leased properties                                                                                                                |                                                      |                                                              |                                                    | 1. Amounts equivalent to original cost, accumulated depreciation, accumulated impairment loss, and ending balance of leased properties |                                                      |                                                              |                                                    |
|                                                                                                                                                                                                                                                       | Amount equivalent to acquisition cost (thousand yen) | Amount equivalent to accumulated depreciation (thousand yen) | Amount equivalent to ending balance (thousand yen) |                                                                                                                                        | Amount equivalent to acquisition cost (thousand yen) | Amount equivalent to accumulated depreciation (thousand yen) | Amount equivalent to ending balance (thousand yen) |
| Fixtures and equipment                                                                                                                                                                                                                                | 2,415                                                | 2,314                                                        | 100                                                | Fixtures and equipment                                                                                                                 | -                                                    | -                                                            | -                                                  |
| Software                                                                                                                                                                                                                                              | 22,660                                               | 21,323                                                       | 1,337                                              | Software                                                                                                                               | -                                                    | -                                                            | -                                                  |
| Full year                                                                                                                                                                                                                                             | 25,075                                               | 23,637                                                       | 1,437                                              | Full year                                                                                                                              | -                                                    | -                                                            | -                                                  |
| 2. Amount equivalent to balance at end of term for unexpired lease payments                                                                                                                                                                           |                                                      |                                                              |                                                    | 2. Amount equivalent to balance at end of term for unexpired lease payments                                                            |                                                      |                                                              |                                                    |
| Within 1 year                                                                                                                                                                                                                                         |                                                      | 1,547 thousand yen                                           |                                                    | Within 1 year                                                                                                                          |                                                      | -thousand yen                                                |                                                    |
| Longer than 1 year                                                                                                                                                                                                                                    |                                                      | - thousand yen                                               |                                                    | Longer than 1 year                                                                                                                     |                                                      | -thousand yen                                                |                                                    |
| Full year                                                                                                                                                                                                                                             |                                                      | 1,547 thousand yen                                           |                                                    | Full year                                                                                                                              |                                                      | -thousand yen                                                |                                                    |
| 3. Paid lease payments, amounts equivalent to depreciation and interest payment, and impairment loss                                                                                                                                                  |                                                      |                                                              |                                                    | 3. Paid lease payments, amounts equivalent to depreciation and interest payment, and impairment loss                                   |                                                      |                                                              |                                                    |
| Paid lease payments                                                                                                                                                                                                                                   |                                                      | 6,533 thousand yen                                           |                                                    | Paid lease payments                                                                                                                    |                                                      | 1,561 thousand yen                                           |                                                    |
| Amount equivalent to depreciation                                                                                                                                                                                                                     |                                                      | 6,003 thousand yen                                           |                                                    | Amount equivalent to depreciation                                                                                                      |                                                      | 1,437 thousand yen                                           |                                                    |
| Amount equivalent to interest payment                                                                                                                                                                                                                 |                                                      | 169 thousand yen                                             |                                                    | Amount equivalent to interest payment                                                                                                  |                                                      | 14 thousand yen                                              |                                                    |
| 4. Method of calculation the amount equivalent to depreciation                                                                                                                                                                                        |                                                      |                                                              |                                                    | 4. Method of calculation the amount equivalent to depreciation                                                                         |                                                      |                                                              |                                                    |
| By straight-line depreciation method with the residual value as zero and the lease period as the period of depreciation.                                                                                                                              |                                                      |                                                              |                                                    | Same as on the left                                                                                                                    |                                                      |                                                              |                                                    |
| 5. Method for calculating the amount equivalent to interest                                                                                                                                                                                           |                                                      |                                                              |                                                    | 5. Method for calculating the amount equivalent to interest                                                                            |                                                      |                                                              |                                                    |
| By interest method with respect to the method of allocation to each term, with the difference between the total amount of lease payments and the amount equivalent to the original cost of the lease properties as the amount equivalent to interest. |                                                      |                                                              |                                                    | Same as on the left                                                                                                                    |                                                      |                                                              |                                                    |
| (Impairment loss)                                                                                                                                                                                                                                     |                                                      |                                                              |                                                    | (Impairment loss)                                                                                                                      |                                                      |                                                              |                                                    |
| There are no impairment losses allocated to lease assets.                                                                                                                                                                                             |                                                      |                                                              |                                                    | Same as on the left                                                                                                                    |                                                      |                                                              |                                                    |

(Note) Non-ownership-transfer finance leases that had commenced prior to the first accounting period when lease accounting was adopted are handled by the accounting procedure pursuant to the method concerning ordinary lease transactions.



(Financial instruments)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

1. Situation of financial instruments

(1) Policies relating to financial instruments

The Company procures the funds necessary in light of the pipeline development plan (primarily by third-party allotment). Temporary surplus fund is invested on financial instruments which are highly safe and liquid.

(2) Description of financial instruments and their risks

Accounts receivable and advance related to joint development, both operating receivables, are exposed to the credit risks of customers and joint development partners. Operating receivables denominated in foreign currencies suffer foreign exchange fluctuation risks.

The Company intends to select marketable securities which have relative low risk for falling below par. However, it might carry a finite risk.

Most of trade accounts payable and other accounts payable, both operating payables, are due within two months.

Operating payables denominated in foreign currencies suffer foreign exchange fluctuation risks.

Most of fixed leasehold deposit and security deposit are security deposits related to rented offices and their redemption is subject to the credit risk of the lessees.

(3) Risk control structure for financial instruments

1. Control of credit risk (the risk of contractual default by business partners)

Regarding operating receivables, the Company's sales department regularly monitors the conditions of major business partners and tracks the due date and balance by account according to the credit administration rule so as to swiftly detect the possibility of bad debts due to deteriorating financial conditions and reduce their adverse impacts.

2. Control of market risk (fluctuations risks of foreign exchange and interest rates)

The Company deposits money primarily in financial institutions with high credit ratings.

The Company attempts to avoid risk of marketable securities falling below par by selecting those with certain higher ratings and investment period in accordance with the Company's fund management rule.

Operating receivables and payables denominated in foreign currencies are settled at the spot exchange upon receipt and payment because more risks are involved in carrying deposits in foreign currencies considering the frequency of occurrence.

(3) Control of liquidity risk related to fund procurement

The Company manages liquidity risk by the department in charge formulating and revising the cash management plan in a timely manner based on the reports from other departments.

(4) Supplemental explanation related to fair market values of financial instruments

Fair market values of financial instruments include the value based on market price and also reasonably estimated price. Fluctuations are factored in the calculation of fair market valued. As such, they may vary by using different assumptions.

2. Matters related to fair market values of financial instruments

Book values on balance sheet, fair market values, and their differences as at December 31, 2010 are as follows:

|                               | Book values on balance sheet<br>(thousand yen) | Fair market values (thousand<br>yen) | Differences (thousand yen) |
|-------------------------------|------------------------------------------------|--------------------------------------|----------------------------|
| (1) Cash and deposit          | 2,314,484                                      | 2,314,484                            | -                          |
| (2) Accounts receivable       | 5,934                                          | 5,934                                | -                          |
| (3) Marketable securities     | 1,701,323                                      | 1,701,323                            | -                          |
| (4) Advance                   | 86,081                                         | 86,081                               | -                          |
| Total assets                  | 4,107,824                                      | 4,107,824                            | -                          |
| (1) Trade accounts payable    | 1,168                                          | 1,168                                | -                          |
| (2) Other accounts payable    | 124,323                                        | 124,323                              | -                          |
| (3) Income taxes payable      | 10,702                                         | 10,702                               | -                          |
| (4) Accrued consumption tax   | 8,107                                          | 8,107                                | -                          |
| Total liabilities             | 144,301                                        | 144,301                              | -                          |
| Total derivative transactions | -                                              | -                                    | -                          |

(Note) 1. Method of calculating fair market values of financial instruments and matters related to marketable securities and derivative transactions

Assets

(1) Cash and deposit, (2) Accounts receivable, (4) Advance

These items are settled in a relatively short term and fair market values are nearly equal to book values; hence, book values are used.

(3) Marketable securities

The price of bonds is based on that indicated by financial institutions. Refer to “Note on marketable securities” for notes on marketable securities by the purpose of holding.

Liabilities

(1) Trade accounts payable, (2) Other accounts payable, (3) Corporate tax payable, (4) Accrued consumption tax

These items are settled in a relatively short term and fair market values are nearly equal to book values; hence, book values are used.

Derivative transactions

Refer to “Notes on derivative transactions.”

(Note) 2. Items with difficulty to assess fair market values

No market price exists for fixed leasehold deposit and security deposit (the book value on balance sheet is 27,282 thousand yen) and it is deemed difficult to assess fair market value; hence, it is not included in the table above.

(Note) 3. Redemption schedule of monetary credits and marketable securities with maturity after the closing date.

|                                           | Within 1 year<br>(thousand yen) | Longer than 1 year<br>and shorter than 5<br>years (thousand yen) | Longer than 5 year<br>and shorter than 10<br>years (thousand yen) | Longer than 10<br>years (thousand yen) |
|-------------------------------------------|---------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------|
| Cash and deposit                          | 2,314,458                       | -                                                                | -                                                                 | -                                      |
| Accounts receivable                       | 5,934                           | -                                                                | -                                                                 | -                                      |
| Marketable securities                     |                                 |                                                                  |                                                                   |                                        |
| Other marketable securities with maturity |                                 |                                                                  |                                                                   |                                        |
| (1) Bonds                                 | 100,000                         | -                                                                | -                                                                 | -                                      |
| (2) Other                                 | 1,601,280                       | -                                                                | -                                                                 | -                                      |
| Advance                                   | 86,081                          | -                                                                | -                                                                 | -                                      |
| Full year                                 | 4,107,755                       | -                                                                | -                                                                 | -                                      |

Additional information

Effective from this fiscal year, “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and “Guidance on Accounting Standard for Financial Instruments and Related Disclosures” (ASBJ Guidance No. 19, March 10, 2008) are applied.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

1. Situation of financial instruments

(1) Policies relating to financial instruments

The Company procures the funds necessary in light of the pipeline development plan (primarily by third-party allotment and offering by new stock issuance). Temporary surplus fund is invested on financial instruments which are highly safe and liquid.

(2) Description of financial instruments and their risks

Accounts receivable and advance related to joint development, both operating receivables, are exposed to the credit risks of customers and joint development partners. Operating receivables denominated in foreign currencies suffer foreign exchange fluctuation risks.

The Company intends to select marketable securities which have relative low risk for falling below par. However, it might carry a finite risk.

Most of trade accounts payable and other accounts payable, both operating payables, are due within two months. Operating payables denominated in foreign currencies suffer foreign exchange fluctuation risks.

Most of fixed leasehold deposit and security deposit are security deposits related to rented offices and their redemption is subject to the credit risk of the lessees.

The lease obligation related to the finance lease transaction intends for funding and the redemption date is 5 years from the fiscal yearend as a maximum.

(3) Risk control structure for financial instruments

1. Control of credit risk (the risk of contractual default by business partners)

Regarding operating receivables, the Company’s marketing department regularly monitors the conditions of major business partners and tracks the due date and balance by account according to the credit administration rule so as to swiftly detect the possibility of bad debts due to deteriorating financial conditions and reduce their adverse impacts.

2. Control of market risk (fluctuations risks of foreign exchange and interest rates)

The Company deposits money primarily in financial institutions with high credit ratings.

The Company attempts to avoid risk of marketable securities falling below par by selecting those with certain higher ratings and investment period in accordance with the Company’s fund management rule.

Operating receivables and payables denominated in foreign currencies are settled at the spot exchange upon receipt and payment because more risks are involved in carrying deposits in foreign currencies considering the frequency of occurrence.

(3) Control of liquidity risk related to fund procurement (risk of insolvency on the payment date)

The Company manages liquidity risk by the department in charge formulating and revising the cash management plan in a timely manner based on the reports from other departments.

(4) Supplemental explanation related to fair market values of financial instruments

Fair market values of financial instruments include the value based on market price and also reasonably estimated price. Fluctuations are factored in the calculation of fair market valued. As such, they may vary by using different assumptions.

## 2. Matters related to fair market values of financial instruments

Book values on balance sheet, fair market values, and their differences as at December 31, 2011 are as follows:

|                                    | Book values on balance sheet<br>(thousand yen) | Fair market values (thousand<br>yen) | Differences (thousand yen) |
|------------------------------------|------------------------------------------------|--------------------------------------|----------------------------|
| (1) Cash and deposit               | 4,558,714                                      | 4,558,714                            | -                          |
| (2) Accounts receivable            | 162,409                                        | 162,409                              | -                          |
| (3) Marketable securities          | 1,952,533                                      | 1,952,533                            | -                          |
| (4) Advance                        | 124,589                                        | 124,589                              | -                          |
| (5) Refundable consumption tax     | 69,571                                         | 69,571                               | -                          |
| Total assets                       | 6,867,818                                      | 6,867,818                            | -                          |
| (1) Trade accounts payable         | 308,953                                        | 308,953                              | -                          |
| (2) Lease obligations (short-term) | 719                                            | 719                                  | -                          |
| (3) Other accounts payable         | 277,898                                        | 277,898                              | -                          |
| (4) Income taxes payable           | 19,073                                         | 19,073                               | -                          |
| (5) Lease obligations (long-term)  | 2,691                                          | 2,691                                | -                          |
| Total liabilities                  | 609,336                                        | 609,336                              | -                          |
| Total derivative transactions      | -                                              | -                                    | -                          |

(Note) 1. Method of calculating fair market values of financial instruments and matters related to marketable securities and derivative transactions

### Assets

(1) Cash and deposit, (2) Accounts receivable, (4) Advance, (5) Refundable consumption tax

These items are settled in a relatively short term and fair market values are nearly equal to book values; hence, book values are used.

(3) Marketable securities

The price of bonds is based on that indicated by financial institutions. Refer to "Note on marketable securities" for notes on marketable securities by the purpose of holding.

### Liabilities

(1) Trade accounts payable, (3) Other accounts payable, (4) Corporate tax payable

These items are settled in a relatively short term and fair market values are nearly equal to book values; hence, book values are used.

(2) Lease obligations (short-term), (5) Lease obligations (long-term)

The market value is used the book value because the amount should be close to the book value under the assumption which is calculated based on the present value discounted with the assumed interest rate for the new lease contract of the principal amount.

### Derivative transactions

Refer to “Notes on derivative transactions.”

(Note) 2. Items with difficulty to assess fair market values

No market price exists for fixed leasehold deposit and security deposit (the book value on balance sheet is 23,264 thousand yen) and it is deemed difficult to assess fair market value; hence, it is not included in the table above.

(Note) 3. Redemption schedule of monetary credits and marketable securities with maturity after the closing date.

|                                           | Within 1 year<br>(thousand yen) | Longer than 1 year<br>and shorter than 5<br>years (thousand yen) | Longer than 5 year<br>and shorter than 10<br>years (thousand yen) | Longer than 10<br>years (thousand yen) |
|-------------------------------------------|---------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------|
| Cash and deposit                          | 4,558,543                       | -                                                                | -                                                                 | -                                      |
| Accounts receivable                       | 162,409                         | -                                                                | -                                                                 | -                                      |
| Marketable securities                     |                                 |                                                                  |                                                                   |                                        |
| Other marketable securities with maturity |                                 |                                                                  |                                                                   |                                        |
| (1) Bonds                                 | 200,000                         | -                                                                | -                                                                 | -                                      |
| (2) Other                                 | 1,752,263                       | -                                                                | -                                                                 | -                                      |
| Advance                                   | 124,589                         | -                                                                | -                                                                 | -                                      |
| Full year                                 | 6,797,976                       | -                                                                | -                                                                 | -                                      |

(Note) 4. Repayment schedule for the lease obligation after 2011 year-end.

|                                   | Within one<br>year<br>(Thousand<br>yen) | Over one year<br>within 2 years<br>(Thousand<br>yen) | Over 2 years<br>within<br>3 years<br>(Thousand<br>yen) | Over 3 years<br>within<br>4 years<br>(Thousand<br>yen) | Over 4 years<br>within<br>5 years<br>(Thousand<br>yen) | Over 5 years<br>(Thousand<br>yen) |
|-----------------------------------|-----------------------------------------|------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------|
| Lease obligations<br>(Short-term) | 719                                     | —                                                    | —                                                      | —                                                      | —                                                      | —                                 |
| Lease obligations<br>(Long-term)  | —                                       | 673                                                  | 682                                                    | 692                                                    | 642                                                    | —                                 |
| Total                             | 719                                     | 673                                                  | 682                                                    | 692                                                    | 642                                                    | —                                 |

(Marketable securities)

Fiscal 2010 (as of December 31, 2010)

1. Other marketable securities

|                                                                             | Type                                   | Book values on balance sheet (thousand yen) | Original cost (thousand yen) | Differences (thousand yen) |
|-----------------------------------------------------------------------------|----------------------------------------|---------------------------------------------|------------------------------|----------------------------|
| Marketable securities of which book value does not exceed the original cost | (1) Stock                              | -                                           | -                            | -                          |
|                                                                             | (2) Bond                               |                                             |                              |                            |
|                                                                             | (i) Government bond and municipal bond | -                                           | -                            | -                          |
|                                                                             | (ii) Bonds                             | 100,043                                     | 100,061                      | -18                        |
|                                                                             | (iii) Other                            | -                                           | -                            | -                          |
|                                                                             | (3) Other                              | 1,601,280                                   | 1,601,280                    | -                          |
|                                                                             | Full year                              | 1,701,323                                   | 1,701,342                    | -18                        |

2. Other marketable securities disposed of during this fiscal year (January 1, 2010 to December 31, 2010)

| Type                                   | Disposal price (thousand yen) | Total amount of gain on disposal (thousand yen) | Total amount of loss on disposal (thousand yen) |
|----------------------------------------|-------------------------------|-------------------------------------------------|-------------------------------------------------|
| (1) Stock                              | -                             | -                                               | -                                               |
| (2) Bond                               |                               |                                                 |                                                 |
| (i) Government bond and municipal bond | -                             | -                                               | -                                               |
| (ii) Bonds                             | -                             | -                                               | -                                               |
| (iii) Other                            | -                             | -                                               | -                                               |
| (3) Other                              | 117,491                       | -                                               | 7,926                                           |
| Full year                              | 117,491                       | -                                               | 7,926                                           |

(Derivatives trading)

Fiscal 2011 (as of December 31, 2011)

1. Other marketable securities

|                                                                             | Type                                   | Book values on balance sheet (thousand yen) | Original cost (thousand yen) | Differences (thousand yen) |
|-----------------------------------------------------------------------------|----------------------------------------|---------------------------------------------|------------------------------|----------------------------|
| Marketable securities of which book value does not exceed the original cost | (1) Stock                              | -                                           | -                            | -                          |
|                                                                             | (2) Bond                               |                                             |                              |                            |
|                                                                             | (i) Government bond and municipal bond | -                                           | -                            | -                          |
|                                                                             | (ii) Bonds                             | 200,270                                     | 200,816                      | -546                       |
|                                                                             | (iii) Other                            | -                                           | -                            | -                          |
|                                                                             | (3) Other                              | 1,752,263                                   | 1,752,263                    | -                          |
|                                                                             | Full year                              | 1,952,533                                   | 1,953,079                    | -546                       |

2. Other marketable securities disposed of during this fiscal year (January 1, 2011 to December 31, 2011)

None to be reported

(Derivative transactions)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

None to be reported because the Company does not engage in any derivative transactions.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

None to be reported because the Company does not engage in any derivative transactions.

(Retirement benefits)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                                                           |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|--|----------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|-------|--|----------------------------------------------------|--------------------|-------|--|--------------------------------------------------|--------------------|
| <p>1. Outline of retirement benefit plans<br/>The Company has an advance payment plan (defined benefit pension) and defined contribution pension plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>1. Outline of retirement benefit plans<br/>Same as on the left</p>                                                                                                        |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <p>2. Matters related to liability for retirement benefits (as of December 31, 2010)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(i) Liability for retirement benefits</td> <td style="text-align: right;">(1,835) thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(ii) Allowance for retirement benefits( i )</td> <td style="text-align: right;">(1,835) thousand yen</td> </tr> </table>                                                                                                               | (i) Liability for retirement benefits                                                                                                                                        | (1,835) thousand yen | <hr/> |  | (ii) Allowance for retirement benefits( i )        | (1,835) thousand yen | <p>2. Matters related to liability for retirement benefits (as of December 31, 2011)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(i) Liability for retirement benefits</td> <td style="text-align: right;">(2,092) thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(ii) Allowance for retirement benefits( i )</td> <td style="text-align: right;">(2,092) thousand yen</td> </tr> </table> | (i) Liability for retirement benefits | (2,092) thousand yen                             | <hr/>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (ii) Allowance for retirement benefits( i ) | (2,092) thousand yen |       |  |                                                    |                    |       |  |                                                  |                    |
| (i) Liability for retirement benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (1,835) thousand yen                                                                                                                                                         |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (ii) Allowance for retirement benefits( i )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (1,835) thousand yen                                                                                                                                                         |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (i) Liability for retirement benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (2,092) thousand yen                                                                                                                                                         |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (ii) Allowance for retirement benefits( i )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (2,092) thousand yen                                                                                                                                                         |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <p>(Note) The simple method (the payment required for voluntary retirement at the end of this fiscal year) is adopted for calculating liability for retirement benefits.</p>                                                                                                                                                                                                                                                                                                                                                                                                  | <p>(Note) The simple method (the payment required for voluntary retirement at the end of this fiscal year) is adopted for calculating liability for retirement benefits.</p> |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <p>3. Matters related to retirement benefit expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(i) Service cost</td> <td style="text-align: right;">268 thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(ii) Premium paid for defined contribution pension</td> <td style="text-align: right;">1,151 thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(iii) Retirement benefit expenses ( (i) + (ii) )</td> <td style="text-align: right;">1,419 thousand yen</td> </tr> </table> | (i) Service cost                                                                                                                                                             | 268 thousand yen     | <hr/> |  | (ii) Premium paid for defined contribution pension | 1,151 thousand yen   | <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                       | (iii) Retirement benefit expenses ( (i) + (ii) ) | 1,419 thousand yen | <p>3. Matters related to retirement benefit expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(i) Service cost</td> <td style="text-align: right;">395 thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(ii) Premium paid for defined contribution pension</td> <td style="text-align: right;">1,355 thousand yen</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>(iii) Retirement benefit expenses ( (i) + (ii) )</td> <td style="text-align: right;">1,750 thousand yen</td> </tr> </table> | (i) Service cost                            | 395 thousand yen     | <hr/> |  | (ii) Premium paid for defined contribution pension | 1,355 thousand yen | <hr/> |  | (iii) Retirement benefit expenses ( (i) + (ii) ) | 1,750 thousand yen |
| (i) Service cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 268 thousand yen                                                                                                                                                             |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (ii) Premium paid for defined contribution pension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1,151 thousand yen                                                                                                                                                           |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (iii) Retirement benefit expenses ( (i) + (ii) )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,419 thousand yen                                                                                                                                                           |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (i) Service cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 395 thousand yen                                                                                                                                                             |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (ii) Premium paid for defined contribution pension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1,355 thousand yen                                                                                                                                                           |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <hr/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| (iii) Retirement benefit expenses ( (i) + (ii) )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,750 thousand yen                                                                                                                                                           |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |
| <p>4. Matters related to the basis for calculating liability for retirement benefits<br/>There is no description about actuarial assumptions because the simple method is adopted.</p>                                                                                                                                                                                                                                                                                                                                                                                        | <p>4. Matters related to the basis for calculating liability for retirement benefits<br/>Same as on the left</p>                                                             |                      |       |  |                                                    |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                  |                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                             |                      |       |  |                                                    |                    |       |  |                                                  |                    |

(Stock options)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

1. Amount expensed and item of an account related to stock options during this fiscal year

Stock options are not expensed because their intrinsic value per unit is estimated to be zero as the Company is unlisted.

2. Content and scope of stock options and their changes

(1) Content of stock options

|                                              | 1st grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 2nd grant                           |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditor 1<br>The Company's employees 6<br>Collaborators 12<br>Total 22                                                                                                                                                                                                                                                                                                            | Collaborator 1                      |
| Number of options by type of stock (note)    | Common stock 3,900 shares                                                                                                                                                                                                                                                                                                                                                                                                    | Common stock 20 shares              |
| Date of grant                                | June 20, 2005                                                                                                                                                                                                                                                                                                                                                                                                                | June 22, 2005                       |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                 |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                 |
| Period for the exercise of options           | From June 21, 2007 to June 20, 2015                                                                                                                                                                                                                                                                                                                                                                                          | From June 23, 2007 to June 22, 2015 |

(Note) Converted to the number of shares.

|                                              | 3rd Grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 4th Grant                                  |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Classification and number of persons granted | The Company's employee 1                                                                                                                                                                                                                                                                                                                                                                                                     | The Company's employees 7                  |
| Number of options by type of stock (note)    | Common stock 100 shares                                                                                                                                                                                                                                                                                                                                                                                                      | Common stock 470 shares                    |
| Date of grant                                | June 27, 2005                                                                                                                                                                                                                                                                                                                                                                                                                | December 1, 2005                           |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                        |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                        |
| Period for the exercise of options           | From June 21, 2007 to June 20, 2015                                                                                                                                                                                                                                                                                                                                                                                          | From December 2, 2007 to September 1, 2015 |

(Note) Converted to the number of shares.



|                                              | 5th Grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 6th Grant                                                                           |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Classification and number of persons granted | The Company's director 1<br>The Company's employees 16<br>Collaborator 1<br>Total 18                                                                                                                                                                                                                                                                                                                                         | The Company's auditor 1<br>The Company's employees 3<br>Collaborators 6<br>Total 10 |
| Number of options by type of stock (note)    | Common stock 1,170 shares                                                                                                                                                                                                                                                                                                                                                                                                    | Common stock 450 shares                                                             |
| Date of grant                                | January 31, 2006                                                                                                                                                                                                                                                                                                                                                                                                             | April 18, 2006                                                                      |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                                                 |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                                                 |
| Period for the exercise of options           | From February 1, 2008 to September 1, 2016                                                                                                                                                                                                                                                                                                                                                                                   | From April 19, 2008 to March 30, 2016                                               |

(Note) Converted to the number of shares.

|                                              | 7th Grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 8th grant                                                |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Classification and number of persons granted | The Company's directors 6<br>The Company's auditors 2<br>The Company's employees 16<br>Collaborators 9<br>Total 33                                                                                                                                                                                                                                                                                                           | The Company's employees 6<br>Collaborators 5<br>Total 11 |
| Number of options by type of stock (note)    | Common stock 2,000 shares                                                                                                                                                                                                                                                                                                                                                                                                    | Common stock 520 shares                                  |
| Date of grant                                | July 1, 2006                                                                                                                                                                                                                                                                                                                                                                                                                 | December r, 2006                                         |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                      |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                      |
| Period for the exercise of options           | From July 2, 2008 to March 30, 2015                                                                                                                                                                                                                                                                                                                                                                                          | From December 2, 2008 to March 30, 2016                  |

(Note) Converted to the number of shares.

|                                              | 9th grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 10th Grant                          |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditors 2<br>Total 5                                                                                                                                                                                                                                                                                                                                                             | The Company's employees 24          |
| Number of options by type of stock (note)    | Common stock 660 shares                                                                                                                                                                                                                                                                                                                                                                                                      | Common stock 510 shares             |
| Date of grant                                | February 1, 2007                                                                                                                                                                                                                                                                                                                                                                                                             | February 1, 2007                    |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                 |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                 |
| Period for the exercise of options           | From January 24, 2009 to January 23, 2017                                                                                                                                                                                                                                                                                                                                                                                    | From June 21, 2007 to June 20, 2015 |

(Note) Converted to the number of shares.

|                                              | 11th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 12th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 6<br>Collaborators 3<br>Total 9                                                                                                                                                                                                                                                                                                                                                                      | The Company's directors 5<br>The Company's auditor 1<br>Total 6 |
| Number of options by type of stock (note)    | Common stock 340 shares                                                                                                                                                                                                                                                                                                                                                                                                      | Common stock 820 shares                                         |
| Date of grant                                | March 15, 2007                                                                                                                                                                                                                                                                                                                                                                                                               | August 29, 2007                                                 |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From March 3, 2009 to March 2, 2017                                                                                                                                                                                                                                                                                                                                                                                          | From August 29, 2009 to August 28, 2017                         |

(Note) Converted to the number of shares.

|                                              | 13th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 14th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 33<br>Collaborators 12<br>Total 45                                                                                                                                                                                                                                                                                                                                                                   | The Company's directors 5<br>The Company's auditor 1<br>Total 6 |
| Number of options by type of stock (note)    | Common stock 1,700 shares                                                                                                                                                                                                                                                                                                                                                                                                    | Common stock 2,070 shares                                       |
| Date of grant                                | August 29, 2007                                                                                                                                                                                                                                                                                                                                                                                                              | October 1, 2008                                                 |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From August 29, 2009 to August 28, 2017                                                                                                                                                                                                                                                                                                                                                                                      | From October 1, 2010 to September 30, 2018                      |

(Note) Converted to the number of shares.

|                                              | 15th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 16th grant                                 |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Classification and number of persons granted | The Company's employees 40                                                                                                                                                                                                                                                                                                                                                                                                   | Collaborators 14                           |
| Number of options by type of stock (note)    | Common stock 2,045 shares                                                                                                                                                                                                                                                                                                                                                                                                    | Common stock 850 shares                    |
| Date of grant                                | October 1, 2008                                                                                                                                                                                                                                                                                                                                                                                                              | October 1, 2008                            |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                        |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                        |
| Period for the exercise of options           | From October 1, 2010 to September 30, 2018                                                                                                                                                                                                                                                                                                                                                                                   | From October 1, 2010 to September 30, 2018 |

(Note) Converted to the number of shares.

|                                              | 17th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 18th Grant                            |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditor 1<br>Total 4                                                                                                                                                                                                                                                                                                                                                              | The Company's employees 45            |
| Number of options by type of stock (note)    | Common stock 720 shares                                                                                                                                                                                                                                                                                                                                                                                                      | Common stock 1,150 shares             |
| Date of grant                                | March 18, 2009                                                                                                                                                                                                                                                                                                                                                                                                               | March 18, 2009                        |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                   |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                   |
| Period for the exercise of options           | From March 19, 2011 to March 18, 2019                                                                                                                                                                                                                                                                                                                                                                                        | From March 19, 2011 to March 18, 2019 |

(Note) Converted to the number of shares.

|                                              | 19th Grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 20th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | Collaborators 2                                                                                                                                                                                                                                                                                                                                                                                                              | The Company's directors 6<br>The Company's auditor 1<br>Total 7 |
| Number of options by type of stock (note)    | Common stock 125shares                                                                                                                                                                                                                                                                                                                                                                                                       | Common stock 3,610 shares                                       |
| Date of grant                                | March 18, 2009                                                                                                                                                                                                                                                                                                                                                                                                               | March 31, 2010                                                  |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From March 19, 2011 to March 18, 2019                                                                                                                                                                                                                                                                                                                                                                                        | From April 1, 2012 to March 31, 2020                            |

(Note) Converted to the number of shares.

|                                              | 21st Grant                                                                                                                                                                                                                                                                                                                                                                                                                              | 22nd grant                           |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Classification and number of persons granted | The Company's employees 50                                                                                                                                                                                                                                                                                                                                                                                                              | Collaborators 13                     |
| Number of options by type of stock (note)    | Common stock 3,265 shares                                                                                                                                                                                                                                                                                                                                                                                                               | Common stock 1,530 shares            |
| Date of grant                                | March 31, 2010                                                                                                                                                                                                                                                                                                                                                                                                                          | March 31, 2010                       |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                  |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Same as on the left                  |
| Period for the exercise of options           | From April 1, 2012 to March 31, 2020                                                                                                                                                                                                                                                                                                                                                                                                    | From April 1, 2012 to March 31, 2020 |

(Note) Converted to the number of shares.

|                                              | 23rd grant                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 9                                                                                                                                                                                                                                                                                                                                                                                                               |
| Number of options by type of stock (note)    | Common stock 320 shares                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Date of grant                                | October 15, 2010                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          |
| Period for the exercise of options           | From October 15, 2012 to October 14, 2020                                                                                                                                                                                                                                                                                                                                                                                               |

(Note) Converted to the number of shares.

(2) Scope of stock options and its changes

1. Number of options by type of stock

|                                           | 1st grant     | 2nd grant     | 3rd Grant     | 4th Grant        |
|-------------------------------------------|---------------|---------------|---------------|------------------|
| Date of grant                             | June 20, 2005 | June 22, 2005 | June 27, 2005 | December 1, 2005 |
| Non-vested                                |               |               |               |                  |
| Outstanding at beginning of year (shares) | 3,610         | 20            | -             | 50               |
| Granted (shares)                          | -             | -             | -             | -                |
| Expired (shares)                          | -             | -             | -             | -                |
| Vested (shares)                           | -             | -             | -             | -                |
| Outstanding at end of year (shares)       | 3,610         | 20            | -             | 50               |
| Vested                                    |               |               |               |                  |
| Outstanding at beginning of year (shares) | -             | -             | -             | -                |
| Vested (shares)                           | -             | -             | -             | -                |
| Exercised (shares)                        | -             | -             | -             | -                |
| Expired (shares)                          | -             | -             | -             | -                |
| Outstanding at end of year (shares)       | -             | -             | -             | -                |

|                                           | 5th Grant        | 6th Grant      | 7th Grant    | 8th grant        |
|-------------------------------------------|------------------|----------------|--------------|------------------|
| Date of grant                             | January 31, 2006 | April 18, 2006 | July 1, 2006 | December 4, 2006 |
| Non-vested                                |                  |                |              |                  |
| Outstanding at beginning of year (shares) | 845              | 130            | 1,560        | 250              |
| Granted (shares)                          | -                | -              | -            | -                |
| Expired (shares)                          | -                | -              | -            | 60               |
| Vested (shares)                           | -                | -              | -            | -                |
| Outstanding at end of year (shares)       | 845              | 130            | 1,560        | 190              |
| Vested                                    |                  |                |              |                  |
| Outstanding at beginning of year (shares) | -                | -              | -            | -                |
| Vested (shares)                           | -                | -              | -            | -                |
| Exercised (shares)                        | -                | -              | -            | -                |
| Expired (shares)                          | -                | -              | -            | -                |
| Outstanding at end of year (shares)       | -                | -              | -            | -                |

|                                           | 9th grant        | 10th Grant       | 11th grant     | 12th grant      |
|-------------------------------------------|------------------|------------------|----------------|-----------------|
| Date of grant                             | February 1, 2007 | February 1, 2007 | March 15, 2007 | August 29, 2007 |
| Non-vested                                |                  |                  |                |                 |
| Outstanding at beginning of year (shares) | 540              | 245              | 300            | 730             |
| Granted (shares)                          | -                | -                | -              | -               |
| Expired (shares)                          | -                | 5                | -              | -               |
| Vested (shares)                           | -                | -                | -              | -               |
| Outstanding at end of year (shares)       | 540              | 240              | 300            | 730             |
| Vested                                    |                  |                  |                |                 |
| Outstanding at beginning of year (shares) | -                | -                | -              | -               |
| Vested (shares)                           | -                | -                | -              | -               |
| Exercised (shares)                        | -                | -                | -              | -               |
| Expired (shares)                          | -                | -                | -              | -               |
| Outstanding at end of year (shares)       | -                | -                | -              | -               |

|                                           | 13th grant      | 14th grant      | 15th grant      | 16th grant      |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Date of grant                             | August 29, 2007 | October 1, 2008 | October 1, 2008 | October 1, 2008 |
| Non-vested                                |                 |                 |                 |                 |
| Outstanding at beginning of year (shares) | 1,270           | 1,870           | 1,785           | 850             |
| Granted (shares)                          | -               | -               | -               | -               |
| Expired (shares)                          | 50              | -               | 315             | -               |
| Vested (shares)                           | -               | -               | -               | -               |
| Outstanding at end of year (shares)       | 1,220           | 1,870           | 1,470           | 850             |
| Vested                                    |                 |                 |                 |                 |
| Outstanding at beginning of year (shares) | -               | -               | -               | -               |
| Vested (shares)                           | -               | -               | -               | -               |
| Exercised (shares)                        | -               | -               | -               | -               |
| Expired (shares)                          | -               | -               | -               | -               |
| Outstanding at end of year (shares)       | -               | -               | -               | -               |

|                                           | 17th grant     | 18th Grant     | 19th Grant     | 20th grant     |
|-------------------------------------------|----------------|----------------|----------------|----------------|
| Date of grant                             | March 18, 2009 | March 18, 2009 | March 18, 2009 | March 31, 2010 |
| Non-vested                                |                |                |                |                |
| Outstanding at beginning of year (shares) | 710            | 1,045          | 125            | -              |
| Granted (shares)                          | -              | -              | -              | 3,610          |
| Expired (shares)                          | -              | 210            | -              | -              |
| Vested (shares)                           | -              | -              | -              | -              |
| Outstanding at end of year (shares)       | 710            | 835            | 125            | 3,610          |
| Vested                                    |                |                |                |                |
| Outstanding at beginning of year (shares) | -              | -              | -              | -              |
| Vested (shares)                           | -              | -              | -              | -              |
| Exercised (shares)                        | -              | -              | -              | -              |
| Expired (shares)                          | -              | -              | -              | -              |
| Outstanding at end of year (shares)       | -              | -              | -              | -              |

|                                           | 21st Grant     | 22nd grant     | 23rd grant       |
|-------------------------------------------|----------------|----------------|------------------|
| Date of grant                             | March 31, 2010 | March 31, 2010 | October 15, 2010 |
| Non-vested                                |                |                |                  |
| Outstanding at beginning of year (shares) | -              | -              | -                |
| Granted (shares)                          | 3,265          | 1,530          | 320              |
| Expired (shares)                          | 270            | -              | -                |
| Vested (shares)                           | -              | -              | -                |
| Outstanding at end of year (shares)       | 2,995          | 1,530          | 320              |
| Vested                                    |                |                |                  |
| Outstanding at beginning of year (shares) | -              | -              | -                |
| Vested (shares)                           | -              | -              | -                |
| Exercised (shares)                        | -              | -              | -                |
| Expired (shares)                          | -              | -              | -                |
| Outstanding at end of year (shares)       | -              | -              | -                |



2. Unit price information

|                                                   | 1st grant     | 2nd grant     | 3rd Grant     | 4th Grant        |
|---------------------------------------------------|---------------|---------------|---------------|------------------|
| Date of grant                                     | June 20, 2005 | June 22, 2005 | June 27, 2005 | December 1, 2005 |
| Exercise price (yen)                              | 50,000        | 50,000        | 50,000        | 100,000          |
| Average stock price at the time of exercise (yen) | -             | -             | -             | -                |
| Fair appraisal price at the date of grant (yen)   | -             | -             | -             | -                |

|                                                   | 5th Grant        | 6th Grant      | 7th Grant    | 8th grant        |
|---------------------------------------------------|------------------|----------------|--------------|------------------|
| Date of grant                                     | January 31, 2006 | April 18, 2006 | July 1, 2006 | December 4, 2006 |
| Exercise price (yen)                              | 100,000          | 100,000        | 150,000      | 150,000          |
| Average stock price at the time of exercise (yen) | -                | -              | -            | -                |
| Fair appraisal price at the date of grant (yen)   | -                | -              | 0            | 0                |

|                                                   | 9th grant        | 10th Grant       | 11th grant     | 12th grant      |
|---------------------------------------------------|------------------|------------------|----------------|-----------------|
| Date of grant                                     | February 1, 2007 | February 1, 2007 | March 15, 2007 | August 29, 2007 |
| Exercise price (yen)                              | 150,000          | 150,000          | 150,000        | 150,000         |
| Average stock price at the time of exercise (yen) | -                | -                | -              | -               |
| Fair appraisal price at the date of grant (yen)   | 0                | 0                | 0              | 0               |

|                                                   | 13th grant        | 14th grant      | 15th grant      | 16th grant      |
|---------------------------------------------------|-------------------|-----------------|-----------------|-----------------|
| Date of grant                                     | February 29, 2007 | October 1, 2008 | October 1, 2008 | October 1, 2008 |
| Exercise price (yen)                              | 150,000           | 120,000         | 120,000         | 120,000         |
| Average stock price at the time of exercise (yen) | -                 | -               | -               | -               |
| Fair appraisal price at the date of grant (yen)   | 0                 | 0               | 0               | 0               |

|                                                   | 17th grant     | 18th Grant     | 19th Grant     | 20th grant     |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| Date of grant                                     | March 18, 2009 | March 18, 2009 | March 18, 2009 | March 31, 2010 |
| Exercise price (yen)                              | 120,000        | 120,000        | 120,000        | 60,000         |
| Average stock price at the time of exercise (yen) | -              | -              | -              | -              |
| Fair appraisal price at the date of grant (yen)   | 0              | 0              | 0              | 0              |

|                                                   | 21st Grant     | 22nd grant     | 23rd grant       |
|---------------------------------------------------|----------------|----------------|------------------|
| Date of grant                                     | March 31, 2010 | March 31, 2010 | October 15, 2010 |
| Exercise price (yen)                              | 60,000         | 60,000         | 60,000           |
| Average stock price at the time of exercise (yen) | -              | -              | -                |
| Fair appraisal price at the date of grant (yen)   | 0              | 0              | 0                |

3. Method for estimating the fair appraisal price of stock options

The fair appraisal price of stock options that were granted in the 20th, 21st, 22nd, and 23rd Grant during this fiscal year is calculated based on their intrinsic value per unit.

| Date of grant                                                                                                     | March 31, 2010             | March 31, 2010      | March 31, 2010      | October 15, 2010    |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|---------------------|---------------------|
| Method for appraisal of stock                                                                                     | Discounted cash flow (DCF) | Same as on the left | Same as on the left | Same as on the left |
| Aggregate of the intrinsic value of stock options outstanding at the end of this fiscal year (yen)                | 0                          | 0                   | 0                   | 0                   |
| Aggregate of the intrinsic value of stock options exercised during this fiscal year at the date of exercise (yen) | -                          | -                   | -                   | -                   |

Fiscal 2011 (January 1, 2011 to December 31, 2011)

1. Amount expensed and item of an account related to stock options during this fiscal year

Stock options are not expensed because their intrinsic value per unit is estimated to be zero at the end of this fiscal year.

2. Content and scope of stock options and their changes

(1) Content of stock options

|                                              | 1st grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 2nd grant                           |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditor 1<br>The Company's employees 6<br>Collaborators 12<br>Total 22                                                                                                                                                                                                                                                                                                            | Collaborator 1                      |
| Number of options by type of stock (note)    | Common stock 390,000 shares                                                                                                                                                                                                                                                                                                                                                                                                  | Common stock 2,000 shares           |
| Date of grant                                | June 20, 2005                                                                                                                                                                                                                                                                                                                                                                                                                | June 22, 2005                       |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                 |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                 |
| Period for the exercise of options           | From June 21, 2007 to June 20, 2015                                                                                                                                                                                                                                                                                                                                                                                          | From June 23, 2007 to June 22, 2015 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 3rd Grant                                                                                                                                                                                                                                                                                                                                                                                                                               | 4th Grant                                  |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Classification and number of persons granted | The Company's employee 1                                                                                                                                                                                                                                                                                                                                                                                                                | The Company's employees 7                  |
| Number of options by type of stock (note)    | Common stock 10,000 shares                                                                                                                                                                                                                                                                                                                                                                                                              | Common stock 47,000 shares                 |
| Date of grant                                | June 27, 2005                                                                                                                                                                                                                                                                                                                                                                                                                           | December 1, 2005                           |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                        |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Same as on the left                        |
| Period for the exercise of options           | From June 21, 2007 to June 20, 2015                                                                                                                                                                                                                                                                                                                                                                                                     | From December 2, 2007 to September 1, 2015 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 5th Grant                                                                                                                                                                                                                                                                                                                                                                                                                               | 6th Grant                                                                           |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Classification and number of persons granted | The Company's director 1<br>The Company's employees 16<br>Collaborator 1<br>Total 18                                                                                                                                                                                                                                                                                                                                                    | The Company's auditor 1<br>The Company's employees 3<br>Collaborators 6<br>Total 10 |
| Number of options by type of stock (note)    | Common stock 117,000 shares                                                                                                                                                                                                                                                                                                                                                                                                             | Common stock 45,000 shares                                                          |
| Date of grant                                | January 31, 2006                                                                                                                                                                                                                                                                                                                                                                                                                        | April 18, 2006                                                                      |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                                                                 |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Same as on the left                                                                 |
| Period for the exercise of options           | From February 1, 2007 to September 1, 2015                                                                                                                                                                                                                                                                                                                                                                                              | From April 19, 2008 to March 30, 2016                                               |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 7th Grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 8th grant                                                |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Classification and number of persons granted | The Company's directors 6<br>The Company's auditors 2<br>The Company's employees 16<br>Collaborators 9<br>Total 33                                                                                                                                                                                                                                                                                                           | The Company's employees 6<br>Collaborators 5<br>Total 11 |
| Number of options by type of stock (note)    | Common stock 200,000 shares                                                                                                                                                                                                                                                                                                                                                                                                  | Common stock 52,000 shares                               |
| Date of grant                                | July 1, 2006                                                                                                                                                                                                                                                                                                                                                                                                                 | December 4, 2006                                         |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                      |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                      |
| Period for the exercise of options           | From July 2, 2008 to March 30, 2016                                                                                                                                                                                                                                                                                                                                                                                          | From December 2, 2008 to March 30, 2016                  |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 9th grant                                                                                                                                                                                                                                                                                                                                                                                                                    | 10th Grant                                |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditors 2<br>Total 5                                                                                                                                                                                                                                                                                                                                                             | The Company's employees 24                |
| Number of options by type of stock (note)    | Common stock 66,000 shares                                                                                                                                                                                                                                                                                                                                                                                                   | Common stock 51,000 shares                |
| Date of grant                                | February 1, 2007                                                                                                                                                                                                                                                                                                                                                                                                             | February 1, 2007                          |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                       |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                       |
| Period for the exercise of options           | From January 24, 2009 to January 23, 2017                                                                                                                                                                                                                                                                                                                                                                                    | From January 24, 2009 to January 23, 2017 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 11th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 12th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 6<br>Collaborators 3<br>Total 9                                                                                                                                                                                                                                                                                                                                                                      | The Company's directors 5<br>The Company's auditor 1<br>Total 6 |
| Number of options by type of stock (note)    | Common stock 34,000 shares                                                                                                                                                                                                                                                                                                                                                                                                   | Common stock 82,000 shares                                      |
| Date of grant                                | March 15, 2007                                                                                                                                                                                                                                                                                                                                                                                                               | August 29, 2007                                                 |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From August 29, 2009 to August 28, 2017                                                                                                                                                                                                                                                                                                                                                                                      | From August 29, 2009 to August 28, 2017                         |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 13th grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 14th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 33<br>Collaborators 12<br>Total 45                                                                                                                                                                                                                                                                                                                                                                   | The Company's directors 5<br>The Company's auditor 1<br>Total 6 |
| Number of options by type of stock (note)    | Common stock 170,000 shares                                                                                                                                                                                                                                                                                                                                                                                                  | Common stock 207,000 shares                                     |
| Date of grant                                | August 29, 2007                                                                                                                                                                                                                                                                                                                                                                                                              | October 1, 2008                                                 |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From August 29, 2009 to August 28, 2017                                                                                                                                                                                                                                                                                                                                                                                      | From October 1, 2010 to September 30, 2018                      |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 15th grant                                                                                                                                                                                                                                                                                                                                                                                                                              | 16th grant                                 |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Classification and number of persons granted | The Company's employees 40                                                                                                                                                                                                                                                                                                                                                                                                              | Collaborator 14                            |
| Number of options by type of stock (note)    | Common stock 204,500 shares                                                                                                                                                                                                                                                                                                                                                                                                             | Common stock 85,000 shares                 |
| Date of grant                                | October 1, 2008                                                                                                                                                                                                                                                                                                                                                                                                                         | October 1, 2008                            |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                        |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Same as on the left                        |
| Period for the exercise of options           | From October 1, 2010 to September 30, 2018                                                                                                                                                                                                                                                                                                                                                                                              | From October 1, 2010 to September 30, 2018 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 17th grant                                                                                                                                                                                                                                                                                                                                                                                                                              | 18th Grant                            |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Classification and number of persons granted | The Company's directors 3<br>The Company's auditor 1<br>Total 4                                                                                                                                                                                                                                                                                                                                                                         | The Company's employees 45            |
| Number of options by type of stock (note)    | Common stock 72,000 shares                                                                                                                                                                                                                                                                                                                                                                                                              | Common stock 115,000 shares           |
| Date of grant                                | March 18, 2009                                                                                                                                                                                                                                                                                                                                                                                                                          | March 18, 2009                        |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                   |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Same as on the left                   |
| Period for the exercise of options           | From March 19, 2011 to March 18, 2019                                                                                                                                                                                                                                                                                                                                                                                                   | From March 19, 2011 to March 18, 2019 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 19th Grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 20th grant                                                      |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Classification and number of persons granted | Collaborator 2                                                                                                                                                                                                                                                                                                                                                                                                               | The Company's directors 6<br>The Company's auditor 1<br>Total 7 |
| Number of options by type of stock (note)    | Common stock 12,500 shares                                                                                                                                                                                                                                                                                                                                                                                                   | Common stock 361,000 shares                                     |
| Date of grant                                | March 18, 2009                                                                                                                                                                                                                                                                                                                                                                                                               | March 31, 2010                                                  |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                                             |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                                             |
| Period for the exercise of options           | From March 19, 2011 to March 18, 2019                                                                                                                                                                                                                                                                                                                                                                                        | From April 1, 2012 to March 31, 2020                            |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 21st Grant                                                                                                                                                                                                                                                                                                                                                                                                                   | 22nd grant                           |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Classification and number of persons granted | The Company's employees 50                                                                                                                                                                                                                                                                                                                                                                                                   | Collaborator 13                      |
| Number of options by type of stock (note)    | Common stock 326,500 shares                                                                                                                                                                                                                                                                                                                                                                                                  | Common stock 153,000 shares          |
| Date of grant                                | March 31, 2010                                                                                                                                                                                                                                                                                                                                                                                                               | March 31, 2010                       |
| Conditions for vesting                       | 1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.<br>2. The Company's stock must be listed on a stock exchange. | Same as on the left                  |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                               | Same as on the left                  |
| Period for the exercise of options           | From April 1, 2012 to March 31, 2020                                                                                                                                                                                                                                                                                                                                                                                         | From April 1, 2012 to March 31, 2020 |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 23rd grant                                                                                                                                                                                                                                                                                                                                                                                                                              | 24th grant                                                     |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 9                                                                                                                                                                                                                                                                                                                                                                                                               | The Company's directors 5                                      |
| Number of options by type of stock (note)    | Common stock 32,000 shares                                                                                                                                                                                                                                                                                                                                                                                                              | Common stock 192,000 shares                                    |
| Date of grant                                | October 15, 2010                                                                                                                                                                                                                                                                                                                                                                                                                        | March 31, 2011                                                 |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> | Same as on the left                                            |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          | Service period required for the eligibility is not designated. |
| Period for the exercise of options           | From October 15, 2012 to October 14, 2020                                                                                                                                                                                                                                                                                                                                                                                               | From March 31, 2013 to March 30, 2021                          |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                              | 25th grant                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Classification and number of persons granted | The Company's employees 59                                                                                                                                                                                                                                                                                                                                                                                                              |
| Number of options by type of stock (note)    | Common stock 195,000 shares                                                                                                                                                                                                                                                                                                                                                                                                             |
| Date of grant                                | March 31, 2011                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Conditions for vesting                       | <p>1. The persons granted must be in a status of the Company's director, auditor, advisor, or employee at the time of exercise. However, this is not necessarily the case if the person granted retires due to the expiry of her/his term or the compulsory retirement, if otherwise the board of directors approves, or if the person granted is a collaborator.</p> <p>2. The Company's stock must be listed on a stock exchange.</p> |
| Service period required for the eligibility  | Service period required for the eligibility is not designated.                                                                                                                                                                                                                                                                                                                                                                          |
| Period for the exercise of options           | From March 31, 2013 to March 30, 2021                                                                                                                                                                                                                                                                                                                                                                                                   |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).



(2) Scope of stock options and its changes

1. Number of options by type of stock

|                                           | 1st grant     | 2nd grant     | 3rd Grant     | 4th Grant        |
|-------------------------------------------|---------------|---------------|---------------|------------------|
| Date of grant                             | June 20, 2005 | June 22, 2005 | June 27, 2005 | December 1, 2005 |
| Non-vested                                |               |               |               |                  |
| Outstanding at beginning of year (shares) | 361,000       | 2,000         | -             | 5,000            |
| Granted (shares)                          | -             | -             | -             | -                |
| Expired (shares)                          | -             | -             | -             | -                |
| Vested (shares)                           | 361,000       | 2,000         | -             | 5,000            |
| Outstanding at end of year (shares)       | -             | -             | -             | -                |
| Vested                                    |               |               |               |                  |
| Outstanding at beginning of year (shares) | -             | -             | -             | -                |
| Vested (shares)                           | 361,000       | 2,000         | -             | 5,000            |
| Exercised (shares)                        | -             | -             | -             | -                |
| Expired (shares)                          | -             | -             | -             | -                |
| Outstanding at end of year (shares)       | 361,000       | 2,000         | -             | 5,000            |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 5th Grant        | 6th Grant      | 7th Grant    | 8th grant        |
|-------------------------------------------|------------------|----------------|--------------|------------------|
| Date of grant                             | January 31, 2006 | April 18, 2006 | July 1, 2006 | December 4, 2006 |
| Non-vested                                |                  |                |              |                  |
| Outstanding at beginning of year (shares) | 84,500           | 13,000         | 156,000      | 19,000           |
| Granted (shares)                          | -                | -              | -            | -                |
| Expired (shares)                          | -                | -              | -            | -                |
| Vested (shares)                           | 84,500           | 13,000         | 156,000      | 19,000           |
| Outstanding at end of year (shares)       | -                | -              | -            | -                |
| Vested                                    |                  |                |              |                  |
| Outstanding at beginning of year (shares) | -                | -              | -            | -                |
| Vested (shares)                           | 84,500           | 13,000         | 156,000      | 19,000           |
| Exercised (shares)                        | -                | -              | -            | -                |
| Expired (shares)                          | -                | -              | -            | -                |
| Outstanding at end of year (shares)       | 84,500           | 13,000         | 156,000      | 19,000           |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 9th grant        | 10th Grant       | 11th grant     | 12thst grant    |
|-------------------------------------------|------------------|------------------|----------------|-----------------|
| Date of grant                             | February 1, 2007 | February 1, 2007 | March 15, 2007 | August 29, 2007 |
| Non-vested                                |                  |                  |                |                 |
| Outstanding at beginning of year (shares) | 54,000           | 24,000           | 30,000         | 73,000          |
| Granted (shares)                          | -                | -                | -              | -               |
| Expired (shares)                          | -                | -                | 5,000          | -               |
| Vested (shares)                           | 54,000           | 24,000           | 25,000         | 73,000          |
| Outstanding at end of year (shares)       | -                | -                | -              | -               |
| Vested                                    |                  |                  |                |                 |
| Outstanding at beginning of year (shares) | -                | -                | -              | -               |
| Vested (shares)                           | 54,000           | 24,000           | 25,000         | 73,000          |
| Exercised (shares)                        | -                | -                | -              | -               |
| Expired (shares)                          | -                | -                | -              | -               |
| Outstanding at end of year (shares)       | 54,000           | 24,000           | 25,000         | 73,000          |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 13th grant      | 14th grant      | 15th grant      | 16th grant      |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Date of grant                             | August 29, 2007 | October 1, 2008 | October 1, 2008 | October 1, 2008 |
| Non-vested                                |                 |                 |                 |                 |
| Outstanding at beginning of year (shares) | 122,000         | 187,000         | 147,000         | 85,000          |
| Granted (shares)                          | -               | -               | -               | -               |
| Expired (shares)                          | 1,000           | -               | 8,000           | -               |
| Vested (shares)                           | 121,000         | 187,000         | 139,000         | 85,000          |
| Outstanding at end of year (shares)       | -               | -               | -               | -               |
| Vested                                    |                 |                 |                 |                 |
| Outstanding at beginning of year (shares) | -               | -               | -               | -               |
| Vested (shares)                           | 121,000         | 187,000         | 139,000         | 85,000          |
| Exercised (shares)                        | -               | -               | -               | -               |
| Expired (shares)                          | -               | -               | -               | -               |
| Outstanding at end of year (shares)       | 121,000         | 187,000         | 139,000         | 85,000          |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 17th grant     | 18th Grant     | 19th Grant     | 20th grant     |
|-------------------------------------------|----------------|----------------|----------------|----------------|
| Date of grant                             | March 18, 2009 | March 18, 2009 | March 18, 2009 | March 31, 2010 |
| Non-vested                                |                |                |                |                |
| Outstanding at beginning of year (shares) | 71,000         | 83,500         | 12,500         | 361,000        |
| Granted (shares)                          | -              | -              | -              | -              |
| Expired (shares)                          | -              | 3,500          | -              | -              |
| Vested (shares)                           | 71,000         | 80,000         | 12,500         | -              |
| Outstanding at end of year (shares)       | -              | -              | -              | 361,000        |
| Vested                                    |                |                |                |                |
| Outstanding at beginning of year (shares) | -              | -              | -              | -              |
| Vested (shares)                           | 71,000         | 80,000         | 12,500         | -              |
| Exercised (shares)                        | -              | -              | -              | -              |
| Expired (shares)                          | -              | -              | -              | -              |
| Outstanding at end of year (shares)       | 71,000         | 80,000         | 12,500         | -              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 21st Grant     | 22nd grant     | 23rd grant       | 24th grant     |
|-------------------------------------------|----------------|----------------|------------------|----------------|
| Date of grant                             | March 31, 2010 | March 31, 2010 | October 15, 2010 | March 31, 2011 |
| Non-vested                                |                |                |                  |                |
| Outstanding at beginning of year (shares) | 299,500        | 153,000        | 32,000           | -              |
| Granted (shares)                          | -              | -              | -                | 192,000        |
| Expired (shares)                          | 23,000         | -              | -                | -              |
| Vested (shares)                           | -              | -              | -                | -              |
| Outstanding at end of year (shares)       | 276,500        | 153,000        | 32,000           | 192,000        |
| Vested                                    |                |                |                  |                |
| Outstanding at beginning of year (shares) | -              | -              | -                | -              |
| Vested (shares)                           | -              | -              | -                | -              |
| Exercised (shares)                        | -              | -              | -                | -              |
| Expired (shares)                          | -              | -              | -                | -              |
| Outstanding at end of year (shares)       | -              | -              | -                | -              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                           | 25th grant     |
|-------------------------------------------|----------------|
| Date of grant                             | March 31, 2011 |
| Non-vested                                |                |
| Outstanding at beginning of year (shares) | -              |
| Granted (shares)                          | 195,000        |
| Expired (shares)                          | 3,000          |
| Vested (shares)                           | -              |
| Outstanding at end of year (shares)       | 192,000        |
| Vested                                    |                |
| Outstanding at beginning of year (shares) | -              |
| Vested (shares)                           | -              |
| Exercised (shares)                        | -              |
| Expired (shares)                          | -              |
| Outstanding at end of year (shares)       | -              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

## 2. Unit price information

|                                                   | 1st grant     | 2nd grant     | 3rd Grant     | 4th Grant        |
|---------------------------------------------------|---------------|---------------|---------------|------------------|
| Date of grant                                     | June 20, 2005 | June 22, 2005 | June 27, 2005 | December 1, 2005 |
| Exercise price (yen)                              | 500           | 500           | 500           | 1,000            |
| Average stock price at the time of exercise (yen) | -             | -             | -             | -                |
| Fair appraisal price at the date of grant (yen)   | -             | -             | -             | -                |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 5th Grant        | 6th Grant      | 7th Grant    | 8th grant        |
|---------------------------------------------------|------------------|----------------|--------------|------------------|
| Date of grant                                     | January 31, 2006 | April 18, 2006 | July 1, 2006 | December 4, 2006 |
| Exercise price (yen)                              | 1,000            | 1,000          | 1,500        | 1,500            |
| Average stock price at the time of exercise (yen) | -                | -              | -            | -                |
| Fair appraisal price at the date of grant (yen)   | -                | -              | 0            | 0                |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 9th grant        | 10th Grant       | 11th grant     | 12th grant      |
|---------------------------------------------------|------------------|------------------|----------------|-----------------|
| Date of grant                                     | February 1, 2007 | February 1, 2007 | March 15, 2007 | August 29, 2007 |
| Exercise price (yen)                              | 1,500            | 1,500            | 1,500          | 1,500           |
| Average stock price at the time of exercise (yen) | -                | -                | -              | -               |
| Fair appraisal price at the date of grant (yen)   | 0                | 0                | 0              | 0               |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 13th grant      | 14th grant      | 15th grant      | 16th grant      |
|---------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Date of grant                                     | August 29, 2007 | October 1, 2008 | October 1, 2008 | October 1, 2008 |
| Exercise price (yen)                              | 1,500           | 1,200           | 1,200           | 1,200           |
| Average stock price at the time of exercise (yen) | -               | -               | -               | -               |
| Fair appraisal price at the date of grant (yen)   | 0               | 0               | 0               | 0               |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 17th grant     | 18th Grant     | 19th Grant     | 20th grant     |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| Date of grant                                     | March 18, 2009 | March 18, 2009 | March 18, 2009 | March 31, 2010 |
| Exercise price (yen)                              | 1,200          | 1,200          | 1,200          | 600            |
| Average stock price at the time of exercise (yen) | -              | -              | -              | -              |
| Fair appraisal price at the date of grant (yen)   | 0              | 0              | 0              | 0              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 21st Grant     | 22nd grant     | 23rd grant       | 24th grant     |
|---------------------------------------------------|----------------|----------------|------------------|----------------|
| Date of grant                                     | March 31, 2010 | March 31, 2010 | October 15, 2010 | March 31, 2011 |
| Exercise price (yen)                              | 600            | 600            | 600              | 700            |
| Average stock price at the time of exercise (yen) | -              | -              | -                | -              |
| Fair appraisal price at the date of grant (yen)   | 0              | 0              | 0                | 0              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

|                                                   | 25th grant     |
|---------------------------------------------------|----------------|
| Date of grant                                     | March 31, 2011 |
| Exercise price (yen)                              | 700            |
| Average stock price at the time of exercise (yen) | -              |
| Fair appraisal price at the date of grant (yen)   | 0              |

(Note) Converted to the number of shares adjusted for the stock split as at June 2, 2011 (100-for-1).

### 3. Method for estimating the fair appraisal price of stock options

The fair appraisal price of stock options that were granted in the 24th and 25th Grant during this fiscal year is calculated based on their intrinsic value per unit.

| Date of grant                                                                                                     | March 31, 2011             | March 31, 2011      |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|
| Method for appraisal of stock                                                                                     | Discounted cash flow (DCF) | Same as on the left |
| Aggregate of the intrinsic value of stock options outstanding at the end of this fiscal year (yen)                | 0                          | 0                   |
| Aggregate of the intrinsic value of stock options exercised during this fiscal year at the date of exercise (yen) | -                          | -                   |

(Deffered tax accounting)

| Fiscal 2010<br>(As of December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Fiscal 2011<br>(As of December 31, 2011)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Composition of deferred tax assets and deferred tax liabilities by source</p> <p>deferred tax assets (Thousand yen)</p> <p>Overdepreciation of assets to be written off one-time</p> <p>Overdepreciation of depreciable assets</p> <p>Overdepreciation of deferred assets</p> <p>Denial of other accounts payable</p> <p>Denial of allowance for retirement benefits</p> <p>Denial of local enterprise tax payable</p> <p>Loss carried forward</p> <p>Subtotal deferred tax assets (Valuation allowance)</p> <p>Total deferred tax assets</p> <p>Deferred tax liabilities</p> <p>Total deferred tax liabilities</p> <p>Net deferred tax assets</p> | <p>1. Composition of deferred tax assets and deferred tax liabilities by source</p> <p>deferred tax assets (Thousand yen)</p> <p>Overdepreciation of assets to be written off one-time</p> <p>Overdepreciation of depreciable assets</p> <p>Overdepreciation of deferred assets</p> <p>Denial of R&amp;D spending</p> <p>Denial of trade account payable</p> <p>Denial of other accounts payable</p> <p>Denial of allowance for retirement benefits</p> <p>Denial of local enterprise tax payable</p> <p>Denial of asset retirement obligations</p> <p>Loss carried forward</p> <p>Subtotal deferred tax assets (Valuation allowance)</p> <p>Total deferred tax assets</p> <p>Deferred tax liabilities</p> <p>Total deferred tax liabilities</p> <p>net deferred tax assets</p> |
| <p>2. Reconciliations between the normal effective statutory rates and the actual effective tax rates after the application of tax effect accounting</p> <p>Not applicable because net loss is posted for the fiscal year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>2. Reconciliations between the normal effective statutory rates and the actual effective tax rates after the application of tax effect accounting</p> <p>Not applicable because net loss is posted for the fiscal year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

(Equity-method gain or loss)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

None to be reported.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

None to be reported.

(Asset retirement obligations)

Fiscal 2011 yearend ( December 31, 2011)

The asset retirement obligation is estimated based on the amount which Company obliged to pay as a reinstatement costs to the lessor in the office lease agreements. On the other hand, we have paid the lease deposit to the lessor and state them as lease deposit. For the amount not to be reimbursed we estimate the total amount in a rational manner and only recognize the obligation for the FY2011 portion with deducting the deposit account and expense it in the income statement, instead of the method which recognizing the total obligation both side as asset and liability in the balance sheet.

(Investment properties)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

None to be reported.

(Additional information)

Effective from this fiscal year, “Accounting Standard for Investment Property and Related Disclosures” (ASBJ Statement No. 20, November 28, 2008) and “Guidance on Accounting Standard for Investment Property and Related Disclosures” (ASBJ Guidance No. 23, November 28, 2008) are applied.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

None to be reported.

(Segment information)

Segment information

Fiscal 2011 (January 1, 2011 to December 31, 2011)

Segment information is not included as our business is a single business unit, namely drug research and development, manufacturing and sales, and other related activities.

Additional information

Effective from this fiscal year, “Accounting Standard for Segment Information and Related Disclosures” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Segment Information and Related Disclosures” (ASBJ Guidance No. 20, March 21, 2008) are applied.

(Related party information)

Fiscal 2010 (January 1, 2010 to December 31, 2010)

None to be reported.

Fiscal 2011 (January 1, 2011 to December 31, 2011)

| Type              | Name of the company or name                                     | Place             | Capital or ante        | Type of business or occupation                           | Ratio on voting rights (%) | Relation to the Company                                | Contents of Transactions                     | Transaction amount (Thousand yen) | Account | Balance at fiscal year-end (Thousand yen) |
|-------------------|-----------------------------------------------------------------|-------------------|------------------------|----------------------------------------------------------|----------------------------|--------------------------------------------------------|----------------------------------------------|-----------------------------------|---------|-------------------------------------------|
| Major shareholder | Cephalon Inc.                                                   | Pennsylvania, USA | 2,634,726 thousand USD | Development and manufacturing of pharmaceutical products | (unpossessed) 13.5, direct | Capital injection, Co-development and sale of products | Acceptance of Third-party allotment (note 1) | 772,240                           | -       | -                                         |
| Major shareholder | JAFCO V2 co-partnership investment business limited partnership | Chiyoda-ku, Tokyo | -                      | Venture capital                                          | (unpossessed) 12.1, direct | Capital injection                                      | Acceptance of Third-party allotment (note 2) | 1,063,860                         | -       | -                                         |

Terms, conditions and policies

(Note 1) Due to third-party allotment on February 17, 2011. Offering price is determined by reference to discounted cash flow

(Note 2) Due to third-party allotment on February 25, 2011. Offering price is determined by reference to discounted cash flow

(Note 3) JAFCO V2 co-partnership investment business limited partnership became our major shareholder. The amount shown above is the one after became the main shareholder.

(Per share information)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                         |                | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                         |              |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Net assets per share                                                                                                                       | 36,541.74Yen   | Net assets per share                                                                                                                       | 345.28Yen    |
| Net (loss) per share                                                                                                                       | (5,933.47 yen) | Net (loss) per share                                                                                                                       | (143.60 yen) |
| Net profit per share adjusted for potential stocks is not calculated because net loss per share is posted although potential stocks exist. |                | Net profit per share adjusted for potential stocks is not calculated because net loss per share is posted although potential stocks exist. |              |

(Note) 1. The basis for calculating net loss per share is as follows:

|                                                                                                                                                                      | Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                         | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net (loss) (thousand yen)                                                                                                                                            | (642,307)                                                                                                                                                                  | (2,104,513)                                                                                                                                                                |
| Amount not attributed to the shareholder of common stocks (thousand yen)                                                                                             | -                                                                                                                                                                          | -                                                                                                                                                                          |
| Net (loss) for common stocks (thousand yen)                                                                                                                          | (642,307)                                                                                                                                                                  | (2,104,513)                                                                                                                                                                |
| Number of period-average shares outstanding (shares)                                                                                                                 | 108,252                                                                                                                                                                    | 14,655,716                                                                                                                                                                 |
| Potential stocks that are not incorporated in the calculation of net profit per share adjusted for potential stocks because they do not have the dilution potential. | 22 types of Stock acquisition rights (23,750 units) in accordance with the Commercial Code of 1890 Article 280 (20) and (21), and Companies Act Article 236, 238, and 239. | 24 types of Stock acquisition rights (27,185 units) in accordance with the Commercial Code of 1890 Article 280 (20) and (21), and Companies Act Article 236, 238, and 239. |

2. The Company made a stock split at the rate of 100 shares for each outstanding share as at June 2, 2011.



(Significant subsequent events)

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Fiscal 2011 (January 1, 2011 to December 31, 2011) |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------|--|-------------------------------------------------------|-------------------------|---------------------------|----------------|------------------------------|--------------------------------------------|------------------------------|----------------------------------------------|-----------------------------|----------------------------------------------|----------------------------|----------------|----------------------|--|----------------------|------------------------|--|--------------------------------------------------------------------------------|----------------------|--|---------------------------|-------------------------------------|--|--|
| <p>(1) Third-party allotment</p> <p>The resolution was passed at Board of Directors meeting held on February 14, 2011, with respect to third-party allotment of 1,988,000 thousand yen (70,000 yen per share), and the Company completed the process by February 25, 2011. As a result, Capital Stock amounted to 4,704,830 thousand yen, Capital Reserve amounted to 4,674,830 thousand yen, and the number of issued shares totaled 140,137 shares as at February 25, 2011. Details of third-party allotment are as follows:</p> <table border="1" data-bbox="181 629 761 1742"> <thead> <tr> <th data-bbox="181 629 373 703">Method of offering</th> <th colspan="2" data-bbox="373 629 761 703">Third-party allotment</th> </tr> <tr> <td data-bbox="181 703 373 1310" rowspan="4">Entities to be allotted and type and number of stocks</td> <th data-bbox="373 703 564 777">Entities to be allotted</th> <th data-bbox="564 703 761 777">Type and number of stocks</th> </tr> </thead> <tbody> <tr> <td data-bbox="373 777 564 853">Cephalon, Inc.</td> <td data-bbox="564 777 761 853">Common stock<br/>11,032 share</td> </tr> <tr> <td data-bbox="373 853 564 1005">JAFCO V2 Investment Enterprise Partnership</td> <td data-bbox="564 853 761 1005">Common stock<br/>15,198 share</td> </tr> <tr> <td data-bbox="373 1005 564 1158">JAFCO V2-W Investment Enterprise Partnership</td> <td data-bbox="564 1005 761 1158">Common stock<br/>1,520 share</td> </tr> <tr> <td data-bbox="373 1158 564 1310">JAFCO V2-R Investment Enterprise Partnership</td> <td data-bbox="564 1158 761 1310">Common stock<br/>650 shares</td> </tr> <tr> <td data-bbox="181 1310 373 1366">Issuance price</td> <td colspan="2" data-bbox="373 1310 761 1366">70,000 yen per share</td> </tr> <tr> <td data-bbox="181 1366 373 1442">Total issuance price</td> <td colspan="2" data-bbox="373 1366 761 1442">1,988,000 thousand yen</td> </tr> <tr> <td data-bbox="181 1442 373 1668">Amount of a portion of total issuance price which is incorporated into Capital</td> <td colspan="2" data-bbox="373 1442 761 1668">35,000 yen per share</td> </tr> <tr> <td data-bbox="181 1668 373 1742">Spending purpose of funds</td> <td colspan="2" data-bbox="373 1668 761 1742">R&amp;D expenditure and working capital</td> </tr> </tbody> </table> | Method of offering                                 | Third-party allotment        |  | Entities to be allotted and type and number of stocks | Entities to be allotted | Type and number of stocks | Cephalon, Inc. | Common stock<br>11,032 share | JAFCO V2 Investment Enterprise Partnership | Common stock<br>15,198 share | JAFCO V2-W Investment Enterprise Partnership | Common stock<br>1,520 share | JAFCO V2-R Investment Enterprise Partnership | Common stock<br>650 shares | Issuance price | 70,000 yen per share |  | Total issuance price | 1,988,000 thousand yen |  | Amount of a portion of total issuance price which is incorporated into Capital | 35,000 yen per share |  | Spending purpose of funds | R&D expenditure and working capital |  |  |
| Method of offering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Third-party allotment                              |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| Entities to be allotted and type and number of stocks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Entities to be allotted                            | Type and number of stocks    |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Cephalon, Inc.                                     | Common stock<br>11,032 share |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | JAFCO V2 Investment Enterprise Partnership         | Common stock<br>15,198 share |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | JAFCO V2-W Investment Enterprise Partnership       | Common stock<br>1,520 share  |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| JAFCO V2-R Investment Enterprise Partnership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Common stock<br>650 shares                         |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| Issuance price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 70,000 yen per share                               |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| Total issuance price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,988,000 thousand yen                             |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| Amount of a portion of total issuance price which is incorporated into Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 35,000 yen per share                               |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |
| Spending purpose of funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | R&D expenditure and working capital                |                              |  |                                                       |                         |                           |                |                              |                                            |                              |                                              |                             |                                              |                            |                |                      |  |                      |                        |  |                                                                                |                      |  |                           |                                     |  |  |

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                 |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------|-----------------------------------------------------|--------------|-----------------------------------------------------------------|-------|--------------------------------------------|----------------|--------------------------------------------------------------|--------|-------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------|--|
| <p>(2) Issuance of stock options (Stock acquisition rights) to the Company's directors</p> <p>Based on the resolution passed by the annual general meeting of shareholders held on March 30, 2011, the resolution was passed at Board of Directors meeting held on March 30, 2011 with respect to the issuance of 1,920 units of Stock acquisition rights for the purpose of stock options to the Company's 5 directors as below:</p> <table border="1" data-bbox="181 555 785 1433"> <tbody> <tr> <td data-bbox="181 555 496 629">Number of Stock acquisition rights (unit)</td> <td data-bbox="496 555 785 629">1,920</td> </tr> <tr> <td data-bbox="181 629 496 703">Type of stock as object of Stock acquisition rights</td> <td data-bbox="496 629 785 703">Common stock</td> </tr> <tr> <td data-bbox="181 703 496 813">Number of shares as object of Stock acquisition rights (shares)</td> <td data-bbox="496 703 785 813">1,920</td> </tr> <tr> <td data-bbox="181 813 496 887">Issuance price of Stock acquisition rights</td> <td data-bbox="496 813 785 887">Free of charge</td> </tr> <tr> <td data-bbox="181 887 496 996">Payment amount at exercise of Stock acquisition rights (yen)</td> <td data-bbox="496 887 785 996">70,000</td> </tr> <tr> <td data-bbox="181 996 496 1106">Period for exercise of Stock acquisition rights</td> <td data-bbox="496 996 785 1106">From March 31 2013 to March 30, 2021</td> </tr> <tr> <td data-bbox="181 1106 496 1290">Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights</td> <td data-bbox="496 1106 785 1290">Issuance price 70,000 yen<br/>Amount to be incorporated into Capital 35,000 yen</td> </tr> <tr> <td data-bbox="181 1290 496 1433">Matters related to transfer of Stock acquisition rights</td> <td data-bbox="496 1290 785 1433">Transfer of Stock acquisition rights requires an approval from Board of Directors.</td> </tr> </tbody> </table> | Number of Stock acquisition rights (unit)                                          | 1,920 | Type of stock as object of Stock acquisition rights | Common stock | Number of shares as object of Stock acquisition rights (shares) | 1,920 | Issuance price of Stock acquisition rights | Free of charge | Payment amount at exercise of Stock acquisition rights (yen) | 70,000 | Period for exercise of Stock acquisition rights | From March 31 2013 to March 30, 2021 | Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights | Issuance price 70,000 yen<br>Amount to be incorporated into Capital 35,000 yen | Matters related to transfer of Stock acquisition rights | Transfer of Stock acquisition rights requires an approval from Board of Directors. |  |
| Number of Stock acquisition rights (unit)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1,920                                                                              |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Type of stock as object of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Common stock                                                                       |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Number of shares as object of Stock acquisition rights (shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1,920                                                                              |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Issuance price of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Free of charge                                                                     |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Payment amount at exercise of Stock acquisition rights (yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 70,000                                                                             |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Period for exercise of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | From March 31 2013 to March 30, 2021                                               |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Issuance price 70,000 yen<br>Amount to be incorporated into Capital 35,000 yen     |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |
| Matters related to transfer of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Transfer of Stock acquisition rights requires an approval from Board of Directors. |       |                                                     |              |                                                                 |       |                                            |                |                                                              |        |                                                 |                                      |                                                                                                                                     |                                                                                |                                                         |                                                                                    |  |

| Fiscal 2010 (January 1, 2010 to December 31, 2010)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Fiscal 2011 (January 1, 2011 to December 31, 2011)                                 |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------|-------------------------|-----------------------------------------------------------------|---------------------------|--------------------------------------------|-----------------------|--------------------------------------------------------------|----------------|-------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------|----------------------|--|----------------|--------------------------------------|--|---------------------------|-------------------------------------|--|--|--|
| <p>(3) Issuance of stock options (Stock acquisition rights) to the Company's employees</p> <p>Based on the resolution passed by the annual general meeting of shareholders held on March 30, 2011, the resolution was passed at Board of Directors meeting held on March 30, 2011 with respect to the issuance of 1,950 units of Stock acquisition rights for the purpose of stock options to the Company's 59 employees as below:</p> <table border="1" data-bbox="185 517 908 1220"> <tr> <td>Number of Stock acquisition rights (unit)</td> <td>1,950</td> </tr> <tr> <td>Type of stock as object of Stock acquisition rights</td> <td>Common stock</td> </tr> <tr> <td>Number of shares as object of Stock acquisition rights (shares)</td> <td>1,950</td> </tr> <tr> <td>Issuance price of Stock acquisition rights</td> <td>Free of charge</td> </tr> <tr> <td>Payment amount at exercise of Stock acquisition rights (yen)</td> <td>70,000</td> </tr> <tr> <td>Period for exercise of Stock acquisition rights</td> <td>From March 31, 2013 to March 30, 2021</td> </tr> <tr> <td>Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights</td> <td>Issuance price 70,000 yen<br/>Amount to be incorporated into Capital 35,000 yen</td> </tr> <tr> <td>Matters related to transfer of Stock acquisition rights</td> <td>Transfer of Stock acquisition rights requires an approval from Board of Directors.</td> </tr> </table> | Number of Stock acquisition rights (unit)                                          | 1,950                     | Type of stock as object of Stock acquisition rights | Common stock            | Number of shares as object of Stock acquisition rights (shares) | 1,950                     | Issuance price of Stock acquisition rights | Free of charge        | Payment amount at exercise of Stock acquisition rights (yen) | 70,000         | Period for exercise of Stock acquisition rights | From March 31, 2013 to March 30, 2021 | Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights | Issuance price 70,000 yen<br>Amount to be incorporated into Capital 35,000 yen | Matters related to transfer of Stock acquisition rights | Transfer of Stock acquisition rights requires an approval from Board of Directors. |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Number of Stock acquisition rights (unit)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,950                                                                              |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Type of stock as object of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Common stock                                                                       |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Number of shares as object of Stock acquisition rights (shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1,950                                                                              |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Issuance price of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Free of charge                                                                     |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Payment amount at exercise of Stock acquisition rights (yen)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 70,000                                                                             |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Period for exercise of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | From March 31, 2013 to March 30, 2021                                              |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Issuance price and amount to be incorporated into Capital at the issuance of new stocks by the exercise of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Issuance price 70,000 yen<br>Amount to be incorporated into Capital 35,000 yen     |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Matters related to transfer of Stock acquisition rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Transfer of Stock acquisition rights requires an approval from Board of Directors. |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| <p>(4) Decision of details and allotment related to issuance of share for subscription by third party allotment</p> <p>The resolution was passed at Board of Directors meeting held on March 30, 2011 with respect to decision of details and allotment related to issuance of share for subscription by third party allotment totaling 12,040 thousand yen (issuance price of 70,000 yen per share). Details of third-party allotment are as follows:</p> <table border="1" data-bbox="161 1469 908 2016"> <thead> <tr> <th>Method of offering</th> <th colspan="2">Third-party allotment</th> </tr> </thead> <tbody> <tr> <td>Entities to be allotted</td> <td>The Company's directors 2</td> <td>The Company's employees 8</td> </tr> <tr> <td>Type and number of stocks</td> <td>Common stock 52 share</td> <td>Common stock 120 share</td> </tr> <tr> <td>Issuance price</td> <td colspan="2">70,000 yen per share</td> </tr> <tr> <td>Total issuance price</td> <td colspan="2">12,040 thousand yen</td> </tr> <tr> <td>Amount of a portion of total issuance price which is incorporated into Capital</td> <td colspan="2">35,000 yen per share</td> </tr> <tr> <td>Payment period</td> <td colspan="2">From April 4, 2011 to April 28, 2011</td> </tr> <tr> <td>Spending purpose of funds</td> <td colspan="2">R&amp;D expenditure and working capital</td> </tr> </tbody> </table>                                                                                                                       | Method of offering                                                                 | Third-party allotment     |                                                     | Entities to be allotted | The Company's directors 2                                       | The Company's employees 8 | Type and number of stocks                  | Common stock 52 share | Common stock 120 share                                       | Issuance price | 70,000 yen per share                            |                                       | Total issuance price                                                                                                                | 12,040 thousand yen                                                            |                                                         | Amount of a portion of total issuance price which is incorporated into Capital     | 35,000 yen per share |  | Payment period | From April 4, 2011 to April 28, 2011 |  | Spending purpose of funds | R&D expenditure and working capital |  |  |  |
| Method of offering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Third-party allotment                                                              |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Entities to be allotted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The Company's directors 2                                                          | The Company's employees 8 |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Type and number of stocks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Common stock 52 share                                                              | Common stock 120 share    |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Issuance price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 70,000 yen per share                                                               |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Total issuance price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 12,040 thousand yen                                                                |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Amount of a portion of total issuance price which is incorporated into Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 35,000 yen per share                                                               |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Payment period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | From April 4, 2011 to April 28, 2011                                               |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |
| Spending purpose of funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | R&D expenditure and working capital                                                |                           |                                                     |                         |                                                                 |                           |                                            |                       |                                                              |                |                                                 |                                       |                                                                                                                                     |                                                                                |                                                         |                                                                                    |                      |  |                |                                      |  |                           |                                     |  |  |  |

5. Other

(1) Changes in Officers

None to be reported.

(2) Other

None to be reported.