

Financial Flash Report for the First Three Quarters of Fiscal Year Ending March 31, 2012 [Japanese standards] (Consolidated)

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
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 Scheduled date of dividend payment: —
 Supplementary documents for this summary of financial statements: None
 Explanation meeting for financial results: None

(Millions of yen rounded down)

1. Consolidated Performance for the First Three Quarters (April 1, 2011 to December, 2011)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec. 31, 2011	21,204	1.8	2,510	12.8	2,612	17.9	1,467	12.5
Nine months ended Dec. 31, 2010	20,828	1.6	2,225	32.4	2,216	25.8	1,304	32.9

(Note) Comprehensive income: As of Dec. 31, 2011: 1,469million yen. (20.4%) As of Dec. 31, 2010: 1,221 million yen. (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2011	80.80	80.11
Nine months ended Dec. 31, 2010	71.84	71.45

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of Dec. 31, 2011	32,923	21,397	64.6	1,171.23
As of March 31, 2011	32,642	20,451	62.3	1,120.32

(Reference) Shareholders' equity: As of Dec. 31, 2011: 21,276 million yen. As of March 31, 2011: 20,351 million yen.

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2011	—	12.00	—	18.00	30.00
Fiscal year ended March 2012	—				
Fiscal year ending March 2012 (Forecast)		12.00	—	13.00	25.00

(Note) Revision to dividend forecast for the third quarter of the fiscal year ending March 31, 2011: None

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2012

(April 1, 2011 to March 31, 2012)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	27,610	0.2	2,210	(18.4)	2,280	(17.8)	1,080	(35.4)	59.45

(Note) Revision to dividend forecast for the third quarter of the fiscal year ending March 31, 2011: None

1. Qualitative Information Regarding the Consolidated Performance for the Current Quarter

(1) Qualitative information related to consolidated operating results

The economy of Japan during the 3rd quarter consolidated cumulative period showed signs of recovery on the one hand despite the continued severe conditions caused mainly by the Great East Japan Earthquake, on the other hand, future prospects of the economic activities remain uncertain due primarily to European sovereign debt crisis, along with the appreciated yen to the unprecedented height and prolonged weak stock markets.

In the clinical diagnostic reagents market, even though the medical fee became positive after 10 years of interval as a result of the fee revision by the government in 2010, the business environment remains unfavorable and this situation requires us to streamline management even more than before.

Under this environment, in line with our new management framework, "EIKEN ROAD MAP 2009", the EIKEN group has been striving to expand sales of our major products in Japan as well as to develop overseas activities mainly in the U.S.A and Europe.

As a result, net sales for cumulative total for the quarterly consolidated period went up to 21,204 million yen (increase of 1.8% year-on-year).

Here is the breakdown of net sales by classes and types of products. Although there was an increase in sales of culture media for microbiological investigations and "Dry Plate 'Eiken'", a diagnostic reagent for drug sensitivity tests, which are manufactured for food related industry, etc., in total, sales in the area of microbiological reagents were about the level of the previous term at 3,525 million yen (increase of 0.3% year-on-year). In the area of general-purpose reagents, sales of specialized reagents for fully-automatic urinalysis devices "Uropaper α " were quite brisk, sales increased 1.5% to 1,469 million yen. In the area of sales of immunological and serological reagents, since sales of diagnostic reagent to detect fecal occult blood and AIA reagents of TOSOH CORPORATION introduced and sold by our company were favorable. In addition, "LZ test 'Eiken' series", which is a series of immunological reagents for general-purpose auto analyzers performed well, to 11,794 million yen (increase of 2.3% year-on-year). The sales of clinical chemistry reagents were decreased 6.7% to 585 million yen, as a result of decline in the use of reagents due to the advancement of analyzers and cost competition. In the culture media for equipment, food and the environment category, sales decreased to 1,808 million yen (decrease of 3.0% year-on-year) due to competitive pressure on prices. In the other category (medical devices, genetic products, etc.), due to the contribution made by the sales of genetic products and patent royalties from the LAMP method, sales increased 9.5% to 2,020 million yen.

The overseas sales were increased 4.7% to 1,224 million yen as a result of an increase in sales of fecal occult blood diagnostic reagents and devices in U.S and Europe.

Continued efforts entered into manufacturing cost reduction and improvement of 0.7 points was achieved in the sales cost ratio compared with the corresponding period of the previous year. And we also made an effort to minimize expenses.

As a result, operating income was 2,510 million yen (increase of 12.8% year over year) and ordinary income was 2,612 million yen (increase of 17.9% year over year). Net income was 1,467 million yen (increase of 12.5% year over year) due to 206 million yen in extraordinary loss recorded as an impairment loss to fixed assets associated with the closing of the Togane Plant.

(2) Qualitative information related to consolidated financial position

When compared to the end of the previous fiscal year, total assets increased by 281 million yen, liabilities decreased by 665 million yen and net assets increased by 946 million yen.

Our equity ratio increased to 64.6% compared to 62.3% at the end of the previous fiscal year.

Major increases and decreases in the category of assets included a 1,282 million yen decrease in cash and deposits, as well as a 1,089 million yen increase in notes and accounts receivable due to an increase in sales.

Tangible fixed assets increased by 698 million yen. These changes were mainly due to a decrease caused by 206 million yen in impairment associated with the closing of the Togane Plant, as well as to a 1,047 million yen increase associated with the beginning of construction for an Operation Management Center (buildings for manufacture and clerical work) at the Nogi Office.

In the liabilities, the current portion of long-term loans payable increased by 186 million yen (with a decrease of 193 million yen due to payment and a the increase by 379 million yen due to transfer from the long-term loans payable), and the long-term loans payable decreased by 379 million yen due to transfer to the current portion of long-term loans payable.

There was a decrease of 112 million yen in accrued income taxes due to payments of income taxes and provision for bonuses decreased by 328 million yen due to bonus payments.

In the category of net assets, retained earnings increased by 922 million yen due to recording of quarterly net income, despite payment of dividends.

(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance

Regarding full-year consolidated performance forecasts for the year ending March 2012, the results for the 3rd quarter consolidated cumulative period have already achieved the full-year forecasts in operating income, ordinary income and net income. However, since increase in research and development expenses and additional losses in relation to the closure of the Togane Plant are anticipated during the 4th consolidated fiscal quarter, there are no changes from the earnings forecasts announced on April 27, 2011.