

April 27, 2011

Financial Flash Report for the Fiscal Year Ended March 31, 2011

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
 Representative: Tetsuya Teramoto, President & CEO e-mail: koho@eiken.co.jp
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 Scheduled date of Ordinary General Meeting of Shareholders: June 22, 2011
 Scheduled date of dividend payment: June 8, 2011
 Scheduled date of filing of Annual Securities Report: June 23, 2011

(Millions of yen rounded down)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 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	%
Fiscal year ended March 2011	27,562	2.7	2,709	42.4	2,775	38.0	1,672	37.7
Fiscal year ended March 2010	26,841	2.8	1,902	4.0	2,011	(1.0)	1,214	6.8

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2011	92.06	91.39	8.5	9.0	9.8
Fiscal year ended March 2010	66.87	66.50	6.5	7.0	7.1

(Reference) Investment profit or loss on equity method: March 2011: — million yen. March 2010: — million yen.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	32,642	20,451	62.3	1,120.32
As of March 31, 2010	29,314	19,275	65.5	1,057.09

(Reference) Shareholders' equity: As of March 31, 2011: 20,351 million yen. As of March 31, 2010: 19,195 million yen.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2011	2,212	(4,127)	954	6,045
Fiscal year ended March 2010	2,709	(660)	(431)	7,037

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
Fiscal year ended March 2010	—	12.00	—	13.00	25.00	453	37.4	2.4
Fiscal year ended March 2011	—	12.00	—	18.00	30.00	544	32.6	2.8
Fiscal year ending March 2012 (Forecast)	—	12.00	—	13.00	25.00		42.0	

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
First half	14,290	2.0	1,600	1.2	1,640	4.4	940	2.6	51.75
Full year	27,610	0.2	2,210	(18.4)	2,280	(17.8)	1,080	(35.4)	59.45

4. Others

- (1) Changes in material subsidiaries during the period (changes in scope of consolidation): None
- (2) Changes in accounting principles, processes, presentation methods, etc., related to the preparation of consolidated financial statements (recorded in changes to important items that form the basis for preparation of quarterly consolidated financial statements)
- (1) Changes due to revisions to accounting standards, etc.: Yes
- (2) Changes other than 1): None
- (3) Number of outstanding shares (common stocks)
- 1) Number of shares outstanding at term-end (including treasury stocks)
- As of March 31, 2011: 21,770,719 shares
- As of March 31, 2010: 21,770,719 shares
- 2) Number of treasury stock at term-end
- As of March 31, 2011: 3,605,174 shares
- As of March 31, 2010: 3,611,683 shares

【Reference】Non-consolidated Financial Summaries

1. Non-Consolidated Performance for the Year Ended March 31, 2011

(April 1, 2010 to March 31, 2011)

(1) Non-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	%
Fiscal year ended March 2011	27,561	2.7	2,729	37.5	2,813	36.0	1,710	34.2
Fiscal year ended March 2010	26,837	2.8	1,985	3.6	2,068	(2.1)	1,274	4.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2011	94.16	93.48
Fiscal year ended March 2010	70.20	69.80

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	33,159	20,950	62.9	1147.82
As of March 31, 2010	29,736	19,685	65.9	1,079.70

(Reference)

Shareholders' equity: As of March 31, 2011: 20,850 million yen
As of March 31, 2010: 19,606 million yen

* Explanations for the appropriate use of earnings forecast, and remarks

1. The above earnings forecast is based on the information that was available as of the release date of this document. The actual business performance may differ from the forecast due to various factors. Please refer to page 2 "1. Operating Results, (1) Analysis of operating results" for further information concerning these projections.

1. Operating results

(1) Analysis of operating results

While the severe employment environment with its depressed income levels and high unemployment rate continued, the corporate performance in Japan during the current consolidated fiscal year entered a gradual recovery trend supported by government economic measures and the recovery of export-related corporations due to demand from markets in newly developing countries, etc. However, in addition to the reality that the affects of the Great East Japan Earthquake at the end of the fiscal year on domestic economy activity are not insignificant, the progress of the economic recovery could be slower due to a weakening of corporate and household economic confidence. Thus, the future of the domestic economy has become unpredictable.

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, the EIKEN group has been striving to expand sales of our major products in Japan in line with our new management framework, "EIKEN ROAD MAP 2009", in addition to efforts to expand overseas development mainly in the U.S.A and Europe. Furthermore, since the Great East Japan Earthquake on March 11, 2011, there has been demand for products in general as alternatives to other companies' products and movement in securing inventory; therefore, we also worked on securing a supply system.

As a result, the net sales of the current consolidated fiscal year were increased 2.7% year over year to 27,562 million yen and we have achieved a continuous increase in sales for 11 terms.

The following are sales for each type of product; 1) In addition to the steady increase of microbiological culture media, diagnostic reagents for antibiotic susceptibility tests such as "Dry plate 'EIKEN'" expanded significantly. As a result, the sales of microbiological reagents were increased 4.5% to 4,651 million yen. 2) The sales of dry chemistry reagents were pulled by the reagent designed for the automatic urine analyzer "Uropaper α " for a 4% increase to 1,948 million yen. 3) The sales of the fecal occult blood diagnostic reagent, which is our major product, as well as reagents designed for medical devices, which are made by Tosoh Corporation (AIA related reagents, HLC-723 reagents), have increased greatly, while the "LZ Test 'EIKEN' Series", which is an immune reagent for general-purpose automatic analyzers, have steadily increased. As a result, the sales of immunological and serological reagents were increased 3.1% to 14,930 million yen. 4) The sales of clinical chemistry reagents were decreased 6.5% to 808 million yen, as a result of decline in the use of reagents due to cost competition and the advancement of analyzers, and 5) The sales of industry products in the culture media for equipment, food and environment category were decreased 4.4% to 2,441 million yen as a result of intensified cost competition. 6) The sales of others (medical devices/molecular genetics-related) were increased 6.1% to 2,809 million yen as a result of patent rights income in addition to the steady increase of medical devices.

The overseas sales were increased 3.5% to 1,689 million yen as a result of an increase in sales of fecal occult blood diagnostic reagents and devices in Europe and Asia.

In order to reduce cost, amidst the continuing decline in market price, we strived to lower manufacturing costs, and as a result, the sales cost ratio improved 1.2 points as compared with last year. We also made an effort to minimize expenses. As a result, the selling, general and administrative expenses declined 2.1% as compared with the last fiscal year.

There was a total 20 million yen in damages during the Great East Japan Earthquake for repairs of cracks in building walls and damage due to fallen articles and inventory assets, etc. These were totaled as extraordinary losses together with donations for the disaster of 20 million yen.

Vision of the next fiscal year ending March 31, 2012

The corporate performance in Japan in the next fiscal year could be prolonged by the stagnation of production activity due to the Great East Japan Earthquake, and the business climate going forward is unclear. In addition, the future forecast for our company is also difficult even though damage caused by the earthquake to our company was not significant. Part of the reason for this is the affect on production from limits on the use of electrical power in addition to numerous damaged medical institutions mainly in the Tohoku region.

Under this business environment, the EIKEN Group will strive to expand the sales share of our major products in the domestic market as well as promote the system for globalization throughout the group such as accelerating market development in Europe and strengthening production/sales in China based on the policy of the new “EIKEN ROAD MAP 2009” management framework.

Moreover, beginning with the measure to transfer production to the Nogi Plant following the closure of the Togane Plant (August 2012), we will continuously work on strengthening our profit structure by reducing manufacturing costs and cutting general expenses.

With respect to the vision of the next fiscal year ending March 31, 2012, demand for our products as alternatives for other companies’ products and the moving up of demand from the movement of securing inventory after the Great East Japan Earthquake will cease. There is also a concern about delays in the recovery of medical institutions in disaster areas. However, we anticipate that net sales will be 27,610 million yen (an increase of 0.2% year over year). As for operating income, we anticipate an increase in research and development expenses to 2,210 million yen (decrease of 18.4% year over year) and ordinary income will be 2,280 million yen (decrease of 17.8% year over year). Although it is difficult to estimate loss from the Togane Plant closing at this time, by conservatively estimating an extraordinary loss of 500 million yen, we anticipate net income will be 1,080 million yen (decrease of 35.4% year over year).

(2) Analysis regarding financial situation

The consolidated cash and cash equivalents (hereafter referred to as “funds”) at the end of the current consolidated fiscal year was 6,045 million yen, an increase of 991 million yen from the last consolidated fiscal year. Each cash flow and its factor during the current consolidated fiscal year are as follows;
(Cash flows from operating activities)

The net income before income taxes and other adjustments was 2,642 million yen, and the increase in trade payables has resulted in an increase in funds by 353 million yen. As a result, even though the funds declined by 394 million yen due to an increase of trade receivables and 1,297 million yen of paid income taxes, the funds from the operating activities concluded with an increase of 2,212 million yen (it was an increase of 2,709 million yen in the last consolidated fiscal year).

The depreciation cost was 923 million yen.

(Cash flows from investing activities)

The expenditure for tangible fixed assets acquisition such as property for our head office construction site was 4,082 million yen. As a result, the funds from investing activities concluded with a decrease by 4,127 million yen (it was a decrease of 660 million yen in the last consolidated fiscal year).

(Cash flows from financing activities)

The funds from financing activities have decreased by 954 million yen (it was a decrease of 431 million yen in the last consolidated fiscal year). This was mainly due to 1,500 million yen income from long-term borrowing of funds for property acquisition of the head office building site despite a payment of 454 million yen for dividends.

(Reference) Trend of indicators related to cash flow

	FY3/07	FY3/08	FY3/09	FY3/10	FY3/11
Equity capital ratio (%)	69.1	68.5	65.8	65.5	62.3
Equity capital ratio based on the market value (%)	101.0	62.6	40.2	58.1	54.0
Interest-bearing debt to cash flow ratio (year)	0.1	0.2	0.1	0.1	0.8
Interest coverage ratio (times)	1,418.1	383.1	647.8	636.4	184.3

Equity capital ratio: equity capital/total asset

Equity capital ratio based on the market value: total value of shares/total asset

Interest-bearing debt to cash flow ratio: interest-bearing ratio /cash flow

Interest coverage ratio: cash flow/interest payment

(Note 1) All are calculated using the consolidated finance-based figure.

(Note 2) The total value of shares is calculated based on the number of issued shares except for treasury share.

(Note 3) The sales cash flow is used to calculate the operating cash flow.

(Note 4) The interest-bearing deficit includes all interesting bearing deficits on the consolidated balance sheet.

(3) Basic principle regarding profit distribution and dividend of the current and next term

Returning the profit to shareholders is one of the most important tasks of our company's management. Our company's basic principles are to implement a stable dividend policy by strengthening the financial component and fulfilling the internal funds that are necessary to carry out active business operation, and to distribute the surplus funds twice a year as interim dividend and year-end dividend. Specifically, based on the above principles, we aim at providing the consolidated dividend payout ratio of more than 30%. The organization to determine these dividends is specified in our company's articles of incorporation as follows: "Based on the Corporate Law Article 459, Paragraph 1, the board meeting can determine the dividends of surplus funds."

The year-end dividend per share in the current fiscal year was 18 yen from the perspective of returning profits and the aim of providing a consolidated dividend payout ratio of more than 30%. On December 1, 2010, 12 yen per share was paid as the interim dividend. Thus, the annual dividend is 30 yen per share.

The regular dividend per share for the next term is planned to be 12 yen for the interim dividend and 13 yen for the year-end dividend.

As for the internally reserved funds, we will effectively use them, based on the mid- and long-term vision, for research and development investment, capital investment, and investment for improving business efficiency in order to strengthen the company's business foundation.

(4) Risk of our business

The followings are the major risks that might affect the EIKEN Group's financial situation and operating results. We are aware of these risks and strive to avoid them. If we do encounter these risks, we will promptly and adequately respond to them.

Please note that there are various risks that might give an adverse impact on our financial situation and operating results at present and in the future. The following risks are determined as of the end of the current consolidated fiscal year, and do not encompass all the risks of the Group.

1) Lowering medical fee policy

The Japanese government has been undertaking a drastic reform of medical systems and lowering the pharmaceutical prices and testing fees once in two years as part of the medical fee controlling policy.

If this lowering medical fee policy is carried out continuously, there is a possibility that it might give an adverse impact on the Group's financial situation and operating results.

2) Development and sales competition among corporations

The Group has been working on research and development efficiently as well as developing new products and improving existing products. The development race in conjunction with technology advancement in the clinical diagnostics industry is intensifying, and there is continuous development and sales competition against the other companies' products. As a result, the competition might have an adverse impact on the Group's financial situation and operating results.

3) Quality issue

The Group is manufacturing our products under the strict quality control within the framework of the regulations related to the Pharmaceutical Affairs Act and quality management system. However, there is no guarantee that all products will not have any quality issues. If a serious quality issue occurs, we may take a measure of recalling the product. That might result in the decline in sales and increase in the cost, and eventually might have an adverse impact on the Group's financial situation and operating results.

4) Critical law suit

If the Group is sued against issues related to product liability, labor, intellectual property, trading, or others in Japan and overseas, it might give an adverse impact on the Group's financial situation and operating results.

5) IT systems and personal information

The Group is using various IT systems. Our business may be disturbed if we encounter a system failure due to disasters etc. Furthermore, we maintain various types of personal information for our business. Leaking the information due to unforeseen circumstances may cause law suit and loss of social credibility; thus it might give an adverse impact on the Group's financial situation and operating results.

6) Halting operation of factory

If a disaster such as fire, earthquake or serious facility accident occurs, some technical issues arise, or the supply of the raw materials stops, the factory may stop its operation or its operation may be limited; thus it might have an adverse impact on the Group's financial situation and operating results.

7) Overseas business expansion

The Group is expanding our sales activity in the North America, Europe, and Asia. Furthermore, we also established an overseas subsidiary in China mainly to manufacture and sell reagents in September, 2004. This kind of global businesses may involve risks of unexpected changes of laws and regulations, political instability or economic factors, drastic change of exchange rate, or social confusion arising from war/terrorism/turmoil/epidemic and other factors. When such an incidence occurs, we may receive an adverse impact on the Group's financial situation and operating results.

8) Intellectual property right

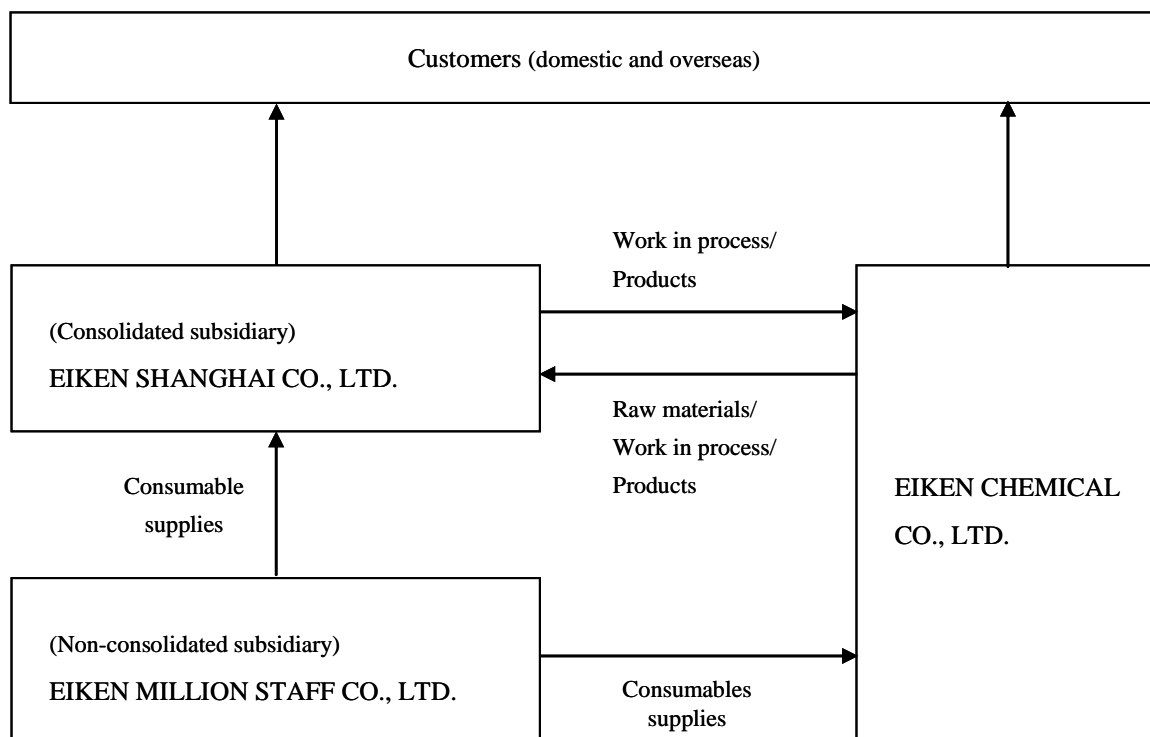
The product of the Group is protected by patent rights and utility model rights for a certain period of time. We strictly manage our intellectual property right including patent rights and utility model rights and always monitor our products to protect their rights from a third party or not to violate third party's intellectual rights by our products. However, if our intellectual property rights are violated by a third party, or if our products violate a third party's intellectual property rights, we may receive an adverse impact on the Group's financial situation and operating results.

2. Situation of the EIKEN Group

The EIKEN Group is composed of us (EIKEN CHEMICAL CO., LTD.), a consolidated subsidiary (EIKEN SHANGHAI CO., LTD.), and a non-consolidated subsidiary (EIKEN MILLION STAFF CO., LTD). Our main business is to manufacture and sell reagents.

The main business of EIKEN SHANGHAI CO., LTD in China is the manufacturing of our diagnostic reagents. From the current consolidated fiscal year, they also began sales of clinical diagnostics. The main business of EIKEN MILLION STAFF CO., LTD is insurance service as well as purchase and sales of OA equipment. The business structure is shown as follows;

[Business structure]



3. Management principle

(1) Basic principle of company management

The EIKEN Group's management philosophy is "We protect the health of the public through health care services" within the "EIKEN WAY" as a new management plan celebrating the 70th anniversary of our founding. Under this philosophy, we set up the following management vision; "The EIKEN group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust." By implementing this management vision in the entire group, we will strive to continually increase corporate value, contribute to the prosperity of our client companies, and fulfill our duties to our shareholders.

(2) Target management indicators

We are aiming at the early achievement of consolidated net sales of 30,000 million yen and an overseas sales ratio of more than 10%. In addition, we will implement management focusing on solidity and profitability and aim at achieving an operating margin of more than 10% at an early stage.

(3) Mid- to long term management strategy

The year 2018 is our company's 80th anniversary, and the "EIKEN ROAD MAP 2009" sets this year as a goal. Its grand vision is "to realize the global corporation 'EIKEN' as a medical testing pioneer to protect the health of the public by 2018". Therefore, we set the "clinical diagnostics business" and "food and environment testing business" as our main business domains, and we aim at achieving steady growth and an increase in profitability in these domains. Furthermore, we are aiming at creating new businesses for future growth.

Our basic strategy is as follows;

- a) Increase the share of our own products in the domestic market
- b) Promote globalization
- c) Sophisticate the core technologies
- d) Improve productivity
- e) Establish market supremacy
- f) Create new businesses/new market
- g) Implement strategic collaboration
- h) Improve corporate brand

(4) Priority issues of the company

The following are our priority issues during the next year, which is the second year of the "EIKEN ROAD MAP 2009". We will develop a plan of action based on these issues and work towards becoming the global corporation "EIKEN".

- a) Promote globalization
- b) Provision of high-value added products/services
- c) Improve productivity
- d) Develop human resources through "capacity development vision"

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and deposits	7,037	6,045
Notes and accounts receivable-trade	8,154	8,547
Lease investment assets	72	140
Merchandise and finished goods	2,745	2,651
Work in process	940	886
Raw materials and supplies	610	627
Deferred tax assets	491	483
Other	499	814
Allowance for doubtful accounts	(0)	(0)
Total current assets	20,549	20,195
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	12,783	12,924
Accumulated depreciation	(9,148)	(9,277)
Buildings and structures, net	3,635	3,646
Machinery, equipment and vehicles	5,204	5,005
Accumulated depreciation	(4,441)	(4,325)
Machinery, equipment and vehicles, net	762	679
Tools, furniture and fixtures	2,882	2,904
Accumulated depreciation	(2,584)	(2,558)
Tools, furniture and fixtures, net	298	346
Land	1,140	4,580
Lease assets	187	497
Accumulated depreciation	(46)	(142)
Lease assets, net	140	355
Construction in progress	—	44
Total property, plant and equipment	5,976	9,652
Intangible assets	430	380
Investments and other assets		
Investment securities	354	234
Prepaid pension cost	890	780
Other	1,179	1,405
Allowance for doubtful accounts	(6)	(6)
Allowance for investment loss	(58)	—
Total Investments and other assets	2,358	2,413
Total noncurrent assets	8,765	12,446
Total assets	29,314	32,642

(Millions of yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,261	5,614
Current portion of long-term loans payable	—	286
Lease obligations	123	264
Income taxes payable	811	528
Provision for bonuses	662	651
Provision for sales returns	5	5
Provision for Casualty Loss	—	10
Asset retirement obligations	—	2
Other	1,899	2,042
Total current liabilities	8,763	9,405
Noncurrent liabilities		
Long-term loans payable	—	1,214
Lease obligations	329	661
Deferred tax liabilities	287	208
Long-term accounts payable-other	353	352
Provision for environmental measures	—	3
Asset retirement obligations	—	28
Other	306	317
Total noncurrent liabilities	1,276	2,785
Total liabilities	10,039	12,191
NET ASSETS		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	7,849	9,066
Treasury stock	(3,431)	(3,425)
Total shareholders' equity	19,207	20,430
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	11
Foreign currency translation adjustment	(40)	(91)
Total accumulated other comprehensive income	(11)	(79)
Subscription rights to shares	79	99
Total net assets	19,275	20,451
Total liabilities and net assets	29,314	32,642

(2) Consolidated Statements of Income

(Millions of yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Net sales	26,841	27,562
Cost of sales	15,976	16,079
Gross profit	10,865	11,483
Reversal of provision for sales returns	5	5
Provision for sales returns	5	5
Gross profit-net	10,864	11,484
Selling, general and administrative expenses	8,962	8,774
Operating income	1,902	2,709
Non-operating income		
Interest income	3	0
Dividend income	5	3
Technical support fee	20	—
Rent income	—	40
House rent income	17	—
Subsidy income	17	19
Foreign Exchange Adjustments	—	12
Other	59	41
Total non-operating income	124	117
Non-operating expenses		
Interest expenses	4	13
Commitment fee	3	4
Loss on insurance cancellation	4	—
Foreign exchange losses	—	28
Other	3	6
Total non-operating expenses	16	52
Ordinary income	2,011	2,775
Extraordinary income		
Reversal of allowance for doubtful accounts	15	0
Gain on sales of investment securities	—	5
Gain on receipt of investment securities	—	14
Total extraordinary income	15	19
Extraordinary loss		
Donation for Disaster Relief	—	20
Loss on disaster	—	20
Loss on sales and retirement of noncurrent assets	18	38
Loss on valuation of investment securities	—	37
Provision of allowance for investment loss	58	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	10
Dismantlement Cost	—	20
Other	16	4
Total extraordinary losses	93	151
Income before income taxes and minority interests	1,932	2,642
Income taxes-current	1,102	1,030
Income taxes-deferred	(383)	(59)
Total income taxes	718	970
Income before minority interests	—	1,672
Minority interests in income	—	—
Net income	1,214	1,672

Consolidated statements of comprehensive income

(Millions of yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Income before minority interests	—	1,672
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(17)
Foreign currency translation adjustment	—	(50)
Total other comprehensive income	—	(67)
Comprehensive income	—	1,604
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	1,604
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of changes in net assets

(Millions of yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	6,897	6,897
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	6,897	6,897
Capital surplus		
Balance at the end of previous period	7,892	7,892
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,892	7,892
Retained earnings		
Balance at the end of previous period	7,035	7,849
Changes of items during the period		
Dividends from surplus	(399)	(454)
Net income	1,214	1,672
Disposal of treasury stock	(0)	(1)
Total changes of items during the period	814	1,217
Balance at the end of current period	7,849	9,066
Treasury stock		
Balance at the end of previous period	(3,437)	(3,431)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	5	6
Total changes of items during the period	5	6
Balance at the end of current period	(3,431)	(3,425)
Total shareholders' equity		
Balance at the end of previous period	18,388	19,207
Changes of items during the period		
Dividends from surplus	(399)	(454)
Net income	1,214	1,672
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	4	5
Total changes of items during the period	819	1,223
Balance at the end of current period	19,207	20,430

(Millions of yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	10	28
Changes of items during the period		
Net changes of items other than shareholders' equity	17	(17)
Total changes of items during the period	17	(17)
Balance at the end of current period	28	11
Foreign currency translation adjustment		
Balance at the end of previous period	(48)	(40)
Changes of items during the period		
Net changes of items other than shareholders' equity	8	(50)
Total changes of items during the period	8	(50)
Balance at the end of current period	(40)	(91)
Total accumulated other comprehensive income		
Balance at the end of previous period	(38)	(11)
Changes of items during the period		
Net changes of item other than shareholders' equity	26	(67)
Total changes of items during the period	26	(67)
Balance at the end of current period	(11)	(79)
Subscription rights to shares		
Balance at the end of previous period	57	79
Changes of items during the period		
Net changes of items other than shareholders' equity	22	20
Total changes of items during the period	22	20
Balance at the end of current period	79	99
Total net assets		
Balance at the end of previous period	18,407	19,275
Changes of items during the period		
Dividends from surplus	(399)	(454)
Net income	1,214	1,672
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	4	5
Net changes of items other than shareholders' equity	48	(47)
Total changes of items during the period	868	1,175
Balance at the end of current period	19,275	20,451

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,932	2,642
Depreciation and amortization	922	923
Increase (decrease) in allowance for doubtful accounts	(15)	0
Increase (decrease) in provision for sales returns	0	(0)
Increase (decrease) in allowance for investment loss	58	(58)
Increase (decrease) in provision for environmental measures	—	3
Increase (decrease) in provision for bonuses	(6)	(11)
Increase (Decrease) in Provision for Loss on Disaster	—	10
Share-based compensation expenses	27	25
Interest and dividend income	(9)	(4)
Interest expenses	4	13
Foreign exchange losses (gains)	(7)	29
Loss (gain) on valuation of derivatives	(9)	—
Loss (gain) on sales and retirement of property, plant and equipment	18	38
Loss (gain) on valuation of investment securities	—	37
Loss (gain) on sales of investment securities	—	(5)
Gain on receipt of investment securities	—	(14)
Decrease (increase) in notes and accounts receivable-trade	(471)	(394)
Decrease (increase) in inventories	748	131
Decrease (increase) in other current assets	(339)	(308)
Decrease (increase) in other investments	155	135
Increase (decrease) in notes and accounts payable-trade	133	353
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	10
Increase (decrease) in other current liabilities	398	(67)
Increase (decrease) in other noncurrent liabilities	(35)	10
Subtotal	3,506	3,500
Interest and dividends income received	9	4
Interest expenses paid	(4)	(12)
Income taxes paid	(802)	(1,297)
Income taxes refund	—	16
Net cash provided by (used in) operating activities	2,709	2,212
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	100	—
Purchase of property, plant and equipment	(802)	(4,082)
Proceeds from sales of property, plant and equipment	0	—
Purchase of intangible assets	(54)	(34)
Proceeds from sales of investment securities	—	14
Proceeds from withdrawal of long-term time deposits	100	—
Other payments	(25)	(24)
Other proceeds	21	0
Net cash provided by (used in) investing activities	(660)	(4,127)

	(Thousands of yen)	
	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	1,500
Proceeds from (payments for) disposition (purchase) of treasury stock	(0)	0
Cash dividends paid	(399)	(454)
Other, net	(31)	(91)
Net cash provided by (used in) financing activities	(431)	954
Effect of exchange rate change on cash and cash equivalents	0	(30)
Net increase (decrease) in cash and cash equivalents	1,618	(991)
Cash and cash equivalents at beginning of period	5,418	7,037
Cash and cash equivalents at end of period	7,037	6,045

(Notes to Statements of Income)

(Millions of yen)

FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
*1. Inventories at the end of the fiscal year are shown after reductions in book values to reflect declines in profitability and the next inventory valuation losses are included in the cost of sales. <div style="text-align: right;">89</div>	*1. Inventories at the end of the fiscal year are shown after reductions in book values to reflect declines in profitability and the next inventory valuation losses are included in the cost of sales. <div style="text-align: right;">(9)</div>
*2. Major items of selling, general and administrative expenses Advertising expenses Salaries 1,913 Provision for bonuses 360 Retirement benefit expenses 195 Research and development expenses 1,924	*2. Major items of selling, general and administrative expenses Advertising expenses Salaries 1,952 Provision for bonuses 356 Retirement benefit expenses 171 Research and development expenses 1,884
*3. Total research and development expenses General and administrative expenses 1,924	*3. Total research and development expenses General and administrative expenses 1,884
*4. Breakdown of loss on disposal/sales of fixed assets Loss on disposal of fixed assets Buildings and structures 5 Machinery, equipment and vehicles 10 Tools, furniture and fixtures 1	*4. Breakdown of loss on disposal/sales of fixed assets Loss on disposal of fixed assets Buildings and structures 28 Machinery, equipment and vehicles 7 Tools, furniture and fixtures 2

(Note to statement of changes in consolidated shareholders' equity)

FY2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2009	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2010
Outstanding shares				
Common shares* ¹	21,770,719	—	—	21,770,719
Total	21,770,719	—	—	21,770,719
Treasury stock				
Common shares* ²	3,617,656	27	6,000	3,611,683
Total	3,617,656	27	6,000	3,611,683

(Note) 1. The treasury stock (common shares) has increased by 27. This is due to purchase of 27 odd shares. The treasury stock has decreased by 6,000. This is due to execution of stock option right by 6,000 shares.

2. Items related to acquisition rights for new shares and treasury stock

Items	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 2010 (million yen)
			As of Mar.31, 2009	Increase	Decrease	As of Mar. 31, 2010	
Reporting company (parent company)	Stock acquisition rights by way of stock options	—	—	—	—	—	79
Total		—	—	—	—	—	79

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of directors meeting on April 27, 2009	Common shares	181	10	Mar. 31, 2009	Jun. 9, 2009
Board of directors meeting on Oct. 27, 2009	Common shares	217	12	Sep. 30, 2009	Dec. 1 2009

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 27, 2010	Common shares	236	Retained earnings	13	Mar. 31, 2010	Jun. 8, 2010

FY2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2009	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2010
Outstanding shares				
Common shares* ¹	21,770,719	—	—	21,770,719
Total	21,770,719	—	—	21,770,719
Treasury stock				
Common shares* ²	3,611,683	40	6,549	3,605,174
Total	3,611,683	40	6,549	3,605,174

(Note) 1. The treasury stock (common shares) has increased by 27. This is due to purchase of 27 odd shares. The treasury stock has decreased by 6,549. Its breakdown is a) 6,500 shares by execution of stock option right, and b) 49 shares through demand for adding to holdings against odd shares.

2. Items related to acquisition rights for new shares and treasury stock

Items	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 20011 (million yen)
			As of Mar.31, 2010	Increase	Decrease	As of Mar. 31, 2011	
Reporting company (parent company)	Stock acquisition rights by way of stock options	—	—	—	—	—	99
Total		—	—	—	—	—	99

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of directors meeting on April 27, 2010	Common shares	236	13	Mar. 31, 2010	Jun. 8, 2010
Board of directors meeting on Oct. 26, 2010	Common shares	217	12	Sep. 30, 2010	Dec. 1 2010

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 27, 2011	Common shares	326	Retained earnings	18	Mar. 31, 2011	Jun. 8, 2011

(Notes to Consolidated Statements of Cash Flows)

(Millions of yen)

FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows (as of March 31, 2010)	Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows (as of March 31, 2011)
Cash and deposits 7,037	Cash and deposits 6,045
Cash and cash equivalents 7,037	Cash and cash equivalents 6,045

(Per Share Information)

(Yen)

FY 2010 (Fiscal year ended March 31, 2010)		FY 2011 (Fiscal year ended March 31, 2011)	
Net assets per share	1,057.09	Net assets per share	1,120.32
Net income per share	66.87	Net income per share	92.06
Diluted net income per share	66.50	Diluted net income per share	91.39

Note: The following is a reconciliation of net income per share and diluted net income per share

Item	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Net income per share		
Net income (million yen)	1,214	1,672
Amount not returned to common shareholders (million yen)	—	—
Net income associated with common shares (million yen)	1,214	1,672
Average number of shares outstanding (thousand shares)	18,157	18,164
Diluted net income per share		
Adjusted net income (million yen)	—	—
Increase in number of shares of common stock (thousand shares)	103	133
[Stock acquisition rights]	(103)	(133)
Summary of potential stock not included in the calculation of “Diluted net income per share” since there was no dilutive effect.	—	—