April 26, 2012

Financial Flash Report for the Fiscal Year Ended March 31, 2012

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, 2012
Scheduled date of dividend payment: June 6, 2012
Scheduled date of filing of Annual Securities Report: June 25, 2012

(Millions of yen rounded down)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(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 2012	27,702	0.5	2,363	(12.8)	2,543	(8.4)	1,460	(12.7)
Fiscal year ended March 2011	27,562	2.7	2,709	42.4	2,775	38.0	1,672	37.7

(Note) Comprehensive income: As of March 31, 2012: 1,524million yen. (5.0%) As of March 31, 2011: 1,604 million yen. 29.3%

	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 2012	80.38	79.66	7.0	7.7	8.5
Fiscal year ended March 2011	92.06	91.39	8.5	9.0	9.8

(Reference) Investment profit or loss on equity method: March 2012: －million yen. March 2011: －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, 2012	33,124	21,459	64.4	1,174.24
As of March 31, 2011	32,642	20,451	62.3	1,120.32

(Reference) Shareholders' equity: As of March 31, 2012: 21,330 million yen. As of March 31, 2011: 20,351 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 2012	1,713	(1,634)	(964)	5,165
Fiscal year ended March 2011	2,212	(4,127)	954	6,045

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2011	－	12.00	－	18.00	30.00	544	32.6	2.8
Fiscal year ended March 2012	－	12.00	－	18.00	30.00	544	37.3	2.6
Fiscal year ending March 2013 (Forecast)	－	15.00	－	15.00	30.00		33.6	

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(% 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	14,330	1.5	1,400	(14.8)	1,450	(14.9)	910	(1.3)	50.09
Full year	28,000	1.1	2,460	4.1	2,560	0.7	1,620	10.9	89.18

4. Others

(1) Changes in material subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting policies, Changes in accounting estimates, Restatements

(1) Changes due to revisions to accounting standards, etc.: None

(2) Other changes in accounting policies : None

(3) Changes in accounting estimates: None

(4) Restatements: None

(3) Number of outstanding shares (common stocks)

1) Number of shares outstanding at term-end (including treasury stocks)

As of March 31, 2012: 21,770,719shares

As of March 31, 2011: 21,770,719shares

2) Number of treasury stock at term-end

As of March 31, 2012: 3,605,197 shares

As of March 31, 2011: 3,605,174 shares

3) Average number of shares outstanding during the period

As of March 31, 2012: 18,165,531 shares

As of March 31, 2011: 18,164,165 shares

【Reference】Non-consolidated Financial Summaries

1. Non-Consolidated Performance for the Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(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 2012	27,706	0.5	2,357	(13.6)	2,507	(10.9)	1,422	(16.8)
Fiscal year ended March 2011	27,561	2.7	2,729	37.5	2,813	36.0	1,710	34.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2012	78.30	77.60
Fiscal year ended March 2011	94.16	93.48

(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, 2012	33,588	21,901	64.8	1198.53
As of March 31, 2011	33,159	20,950	62.9	1147.82

(Reference)

Shareholders' equity: As of March 31, 2012: 21,771 million yen

As of March 31, 2011: 20,850 million yen

2. Forecasts of Non-Consolidated Performance for the Fiscal Year Ending March 31, 2013 (April 1, 2012to March 31, 2013)

(% 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	14,310	1.3	1,390	(15.2)	1,440	(16.0)	900	(3.5)	49.54
Full year	27,970	1.0	2,440	3.5	2,540	1.3	1,600	12.5	88.08

* Indication regarding the implementation status of the audit procedures

This financial flash report is not the subject of the audit procedures based on the Financial Instruments and Exchange Act, and at the point in time when this financial flash report was disclosed, the audit procedures for financial statements based on the Financial Instruments and Exchange Act had not been completed.

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

The above forecasts were made based on the information available as of the date of this release. Actual results could significantly differ from the above forecasts due to a variety of factors. For details on the conditions that form the assumptions used for earnings forecasts, and notes on using earnings forecasts, please refer to appendix page 3, "1. Operating results, (1) Analysis of operating results".

1. Operating results

(1) Analysis of operating results

During the fiscal year ended March 31, 2012, the Japanese economy was steadily recovering from an enormous damage caused by the Great Eastern Japan Earthquake; however, due to a power supply shortage, rising oil prices, European sovereign debt crisis, and the sharp appreciation of the yen, the environment surrounding businesses remained severe, and the future prospect of economic activities continued to be uncertain.

In the clinical diagnostic reagents market, the basic political trend of containing the medical fee remains. The business environment remains unfavorable and this situation requires us to streamline management even more than before.

The EIKEN group encountered a disruption of a stable supply of our products when our subcontractor manufacturing a part of our sampling bottle to detect fecal occult blood sustained damage from the flooding in Thailand in October 2011; however, we focused on raising the supply level back to normal by transferring manufacturing operation to Japan and increasing production.

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.

As a result, the net sales of the current consolidated fiscal year were increased 0.5% year over year to 27,702 million yen and we have achieved a continuous increase in sales for 12 terms.

The following are sales for each type of product; 1) Although there was an increase in sales of blood culture reagents and "Dry Plate 'Eiken'", a diagnostic reagent for drug sensitivity tests, sales in the area of microbiological reagents decreased to 4,544 million yen (decrease of 2.3% year-on-year), which was a backlash from movements to secure inventory and temporary increase in demand for our products as alternative for other companies' products following the Great Eastern Japan Earthquake in March 2011. 2) The sales of dry chemistry reagents remained steady by the reagent designed for the automatic urine analyzer "Uropaper α" for a 1.2% increase to 1,972 million yen. 3) In the area of sales of immunological and serological reagents, sales of diagnostic reagent to detect fecal occult blood stayed at the level as the previous period due to a disruption of a supply of sampling bottles caused by the flooding in Thailand; although, sales of "LZ test 'Eiken'", which is a series of immunological reagents for general-purpose auto analyzers, and "AIA reagents, HbA1c reagents" of TOSOH CORPORATION introduced and sold by our company increased to 15,114 million yen (increase of 1.4% year-on-year). 4) The sales of clinical chemistry reagents were decreased 8.5% to 739 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 3.3% to 2,360 million yen as a result of intensified cost competition. 6) The sales of others (medical devices/molecular genetics-related) were increased 5.7% to 2,970 million yen as a result of patent rights income in addition to the steady increase of /molecular genetics(LAMP method) –related products.

The overseas sales increased to 1,693 million yen (increase of 0.2% year-on-year) as a result of an increase in sales of fecal occult blood diagnostic reagents and of genetic reagents from the LAMP method and a decrease in sales of fecal occult blood diagnostic devices.

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 0.1 points as compared with last year. As for selling, general and administrative expenses, we strived for efficient use of overall expenses; however, research and development expenses increased due to a development of new immunological reagents and devices using bioluminescent technique, and the selling, general and administrative expenses for this fiscal year increased by 5.2% year-on year.

As a result, operating income was 2,363 million yen (decrease of 12.8% year over year) and ordinary income was 2,543 million yen (decrease of 8.4% year over year). Net income was 1,460 million yen ((decrease of 12.7% year over year). In addition, we have posted extraordinary income of 117 million yen from the gain made on sale of Oji Office and extraordinary loss of 251 million yen with impairment loss of fixed assets accompanying closing of the Togane Plant.

Vision of the next fiscal year ending March 31, 2012

The Japanese economy in the next fiscal year is expected to be persistently uncertain due to an electric rate hike, rising oil prices, and the prolonged appreciation of the yen.

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, 2013, we anticipate that net sales will be 28,000 million yen (an increase of 1.1% year over year) and the overseas sales will be 2,030 million yen (increase of 19.9% year-on-year). As for operating income, we anticipate 2,460 million yen (an increase of 4.1% year over year) and ordinary income will be 2,560 million yen (an increase of 0.7% year over year). We anticipate net income will be 1,620 million yen (an increase of 10.9% year over year).

(2) Analysis regarding financial situation

①Capital, liabilities, and net assets

The company's financial standing as of the end of this consolidated fiscal year is as follows.

When compared to the end of the previous fiscal year, total assets increased by 481 million yen, liabilities decreased by 527 million yen and net assets increased by 1,008 million yen.

Our equity ratio increased to 64.4% compared to 62.3% at the end of the previous fiscal year.

Major increases and decreases in the category of assets included a 532 million yen increase in notes and accounts receivable and a 750 million yen decrease in cash and deposits resulting from acquisition of tangible fixed assets. Tangible fixed assets increased by 823 million yen. These changes were mainly due to a 1,424 million yen increase associated with the completion of construction for an Operation Management Center (buildings for manufacture and clerical work) at the Nogi Office, despite a decrease caused by 236 million yen in an impairment loss associated with the closing of the Togane Plant and a decrease of 171 million yen accompanying the sale of Oji office. In the liabilities, the current portion of long-term loans payable increased by 186 million yen (with a decrease of 286 million yen due to payment and an increase of 472 million yen due to transfer from the long-term loans payable), and the long-term loans payable decreased by 472 million yen due to transfer to the current portion of long-term loans payable. There was also an increase of 228 million yen in accrued income taxes due to an increase in taxable income. In the category of net assets, retained earnings increased by 915 million yen due to recording of net income for the current year, despite payment of dividends.

②Cash flows

The consolidated cash and cash equivalents (hereafter referred to as “funds”) at the end of the current consolidated fiscal year was 5,165 million yen, an increase of 880 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 2,389 million yen. As a result, even though the funds declined by 531 million yen due to an increase of trade receivables and 1,039 million yen of paid income taxes, the funds from the operating activities concluded with an increase of 1,713 million yen (it was an increase of 2,212 million yen in the last consolidated fiscal year).

The depreciation cost was 1,016 million yen.

(Cash flows from investing activities)

The funds from investing activities concluded with a decrease by 1,634 million yen (it was a decrease of 4,127 million yen in the last consolidated fiscal year). This was mainly due to 1,742 million yen expenditure associated with the completion of construction for an Operation Management Center and income of 292 million yen accompanying the sale of Oji office.

(Cash flows from financing activities)

The funds from financing activities have decreased by 964 million yen (it was an increase of 954 million yen in the last consolidated fiscal year). This was mainly due to 286 million yen expenditure from long-term borrowing despite a payment of 544 million yen for dividends.

(Reference) Trend of indicators related to cash flow

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Equity capital ratio (%)	68.5	65.8	65.5	62.3	64.4
Equity capital ratio based on the market value (%)	62.6	40.2	58.1	54.0	61.0
Interest-bearing debt to cash flow ratio (year)	0.2	0.1	0.1	0.8	0.9
Interest coverage ratio (times)	383.1	647.8	636.4	184.3	70.8

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, 2011, 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 15 yen for the interim dividend and 15 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 quickly and 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 and our subcontractor manufacturing 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

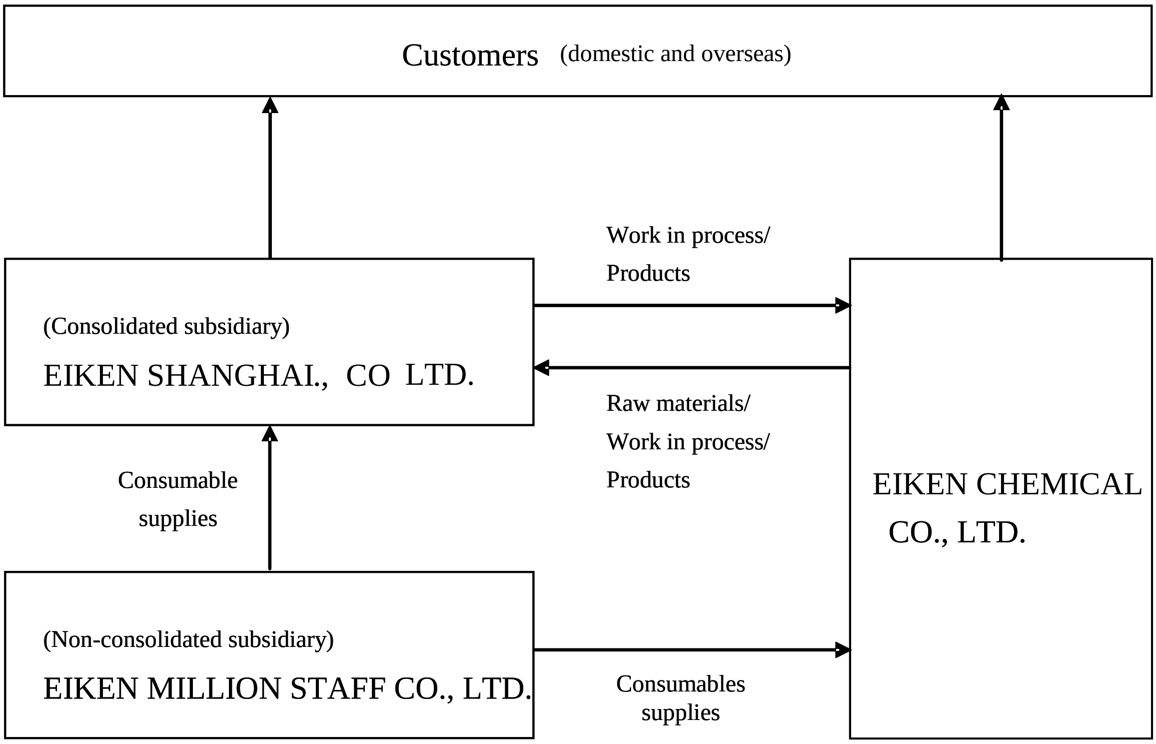
The product of the Group is protected by patent rights and utility model rights for a certain period of time. We strictly manage our intellectual property right including patent rights and utility model rights and always monitor our products to protect their rights from a third party or not to violate 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］



*EIKEN SHANGHAI CO., LTD. was renamed to EIKEN CHINA CO., LTD. as of April 1, 2012, aiming at expanding business across the entire China.

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". 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 "EIKEN ROAD MAP 2009" is a new management plan celebrating the 70 th anniversary of our founding. 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, 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"
e) Reinforcement of total risk management system
f) Thoroughness of compliance

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2011 (As of March 31, 2011)	FY 2012 (As of March 31, 2012)
ASSETS		
Current assets		
Cash and deposits	6,045	5,295
Notes and accounts receivable-trade	8,547	9,076
Lease investment assets	140	203
Merchandise and finished goods	2,651	2,830
Work in process	886	883
Raw materials and supplies	627	595
Deferred tax assets	483	459
Other	814	508
Allowance for doubtful accounts	(0)	—
Total current assets	20,195	19,856
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	12,924	13,889
Accumulated depreciation	(9,277)	(9,219)
Buildings and structures, net	3,646	4,669
Machinery, equipment and vehicles	5,005	4,992
Accumulated depreciation	(4,325)	(4,315)
Machinery, equipment and vehicles, net	679	677
Tools, furniture and fixtures	2,904	2,874
Accumulated depreciation	(2,558)	(2,628)
Tools, furniture and fixtures, net	346	246
Land	4,580	4,447
Lease assets	497	609
Accumulated depreciation	(142)	(262)
Lease assets, net	355	346
Construction in progress	44	89
Total property, plant and equipment	9,652	10,476
Intangible assets	380	361
Investments and other assets		
Investment securities	234	297
Prepaid pension cost	780	557
Deferred tax assets	—	96
Other	1,405	1,485
Allowance for doubtful accounts	(6)	(6)
Total Investments and other assets	2,413	2,429
Total noncurrent assets	12,446	13,267
Total assets	32,642	33,124

(Millions of yen)

	FY 2011 (As of March 31, 2011)	FY 2012 (As of March 31, 2012)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5,614	5,504
Current portion of long-term loans payable	286	472
Lease obligations	264	346
Income taxes payable	528	756
Provision for bonuses	651	656
Provision for sales returns	5	4
Provision for Casualty Loss	10	1
Asset retirement obligations	2	0
Other	2,042	1,756
Total current liabilities	9,405	9,498
Noncurrent liabilities		
Long-term loans payable	1,214	742
Lease obligations	661	719
Deferred tax liabilities	208	－
Long-term accounts payable-other	352	352
Provision for environmental measures	3	5
Asset retirement obligations	28	27
Other	317	318
Total noncurrent liabilities	2,785	2,165
Total liabilities	12,191	11,664
NET ASSETS		
Shareholders’ equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	9,066	9,981
Treasury stock	(3,425)	(3,425)
Total shareholders’ equity	20,430	21,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	55
Foreign currency translation adjustment	(91)	(70)
Total accumulated other comprehensive income	(79)	(15)
Subscription rights to shares	99	129
Total net assets	20,451	21,459
Total liabilities and net assets	32,642	33,124

(2) Consolidated Statements of Income

(Millions of yen)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
Net sales	27,562	27,702
Cost of sales	16,079	16,113
Gross profit	11,483	11,589
Reversal of provision for sales returns	5	5
Provision for sales returns	5	4
Gross profit-net	11,484	11,590
Selling, general and administrative expenses	8,774	9,226
Operating income	2,709	2,363
Non-operating income		
Interest income	0	2
Dividend income	3	7
Rent income	40	140
Subsidy income	19	—
Other	53	62
Total non-operating income	117	212
Non-operating expenses		
Interest expenses	13	24
Commitment fee	4	3
Foreign exchange losses	28	—
Other	6	5
Total non-operating expenses	52	32
Ordinary income	2,775	2,543
Extraordinary income		
Gain on sales and retirement of noncurrent assets	—	118
Reversal of allowance for doubtful accounts	0	—
Gain on sales of investment securities	5	—
Gain on receipt of investment securities	14	—
Total extraordinary income	19	118
Extraordinary loss		
Donation for Disaster Relief	20	—
Loss on disaster	20	—
Loss on sales and retirement of noncurrent assets	38	7
Loss on valuation of investment securities	—	245
Provision of allowance for investment loss	37	3
Loss on adjustment for changes of accounting standard for asset retirement obligations	10	—
Dismantlement Cost	20	—
Other	4	14
Total extraordinary losses	151	272
Income before income taxes and minority interests	2,642	2,389
Income taxes-current	1,030	1,232
Income taxes-deferred	(59)	(303)
Total income taxes	970	929
Income before minority interests	1,672	1,460
Minority interests in income	—	—
Net income	1,672	1,460

Consolidated statements of comprehensive income

(Millions of yen)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
Income before minority interests	1,672	1,460
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	43
Foreign currency translation adjustment	(50)	20
Total other comprehensive income	(67)	64
Comprehensive income	1,604	1,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,604	1,524
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of changes in net assets

(Millions of yen)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
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	7,849	9,066
Changes of items during the period		
Dividends from surplus	(454)	(544)
Net income	1,672	1,460
Disposal of treasury stock	(1)	—
Total changes of items during the period	1,217	915
Balance at the end of current period	9,066	9,981
Treasury stock		
Balance at the end of previous period	(3,431)	(3,425)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	6	—
Total changes of items during the period	6	(0)
Balance at the end of current period	(3,425)	(3,425)
Total shareholders' equity		
Balance at the end of previous period	19,207	20,430
Changes of items during the period		
Dividends from surplus	(454)	(544)
Net income	1,672	1,460
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	5	—
Total changes of items during the period	1,223	915
Balance at the end of current period	20,430	21,346

(Millions of yen)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	28	11
Changes of items during the period		
Net changes of items other than shareholders' equity	(17)	43
Total changes of items during the period	(17)	43
Balance at the end of current period	11	55
Foreign currency translation adjustment		
Balance at the end of previous period	(40)	(91)
Changes of items during the period		
Net changes of items other than shareholders' equity	(50)	20
Total changes of items during the period	(50)	20
Balance at the end of current period	(91)	(70)
Total accumulated other comprehensive income		
Balance at the end of previous period	(11)	(79)
Changes of items during the period		
Net changes of item other than shareholders' equity	(67)	64
Total changes of items during the period	(67)	64
Balance at the end of current period	(79)	(15)
Subscription rights to shares		
Balance at the end of previous period	79	99
Changes of items during the period		
Net changes of items other than shareholders' equity	20	29
Total changes of items during the period	20	29
Balance at the end of current period	99	129
Total net assets		
Balance at the end of previous period	19,275	20,451
Changes of items during the period		
Dividends from surplus	(454)	(544)
Net income	1,672	1,460
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	5	―
Net changes of items other than shareholders' equity	(47)	93
Total changes of items during the period	1,175	1,008
Balance at the end of current period	20,451	21,459

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,642	2,389
Depreciation and amortization	923	1,016
Impairment loss	―	245
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for sales returns	(0)	(-1)
Increase (decrease) in allowance for investment loss	(58)	―
Increase (decrease) in provision for environmental measures	3	1
Increase (decrease) in provision for bonuses	(11)	5
Increase (Decrease) in Provision for Loss on Disaster	10	(9)
Share-based compensation expenses	25	29
Interest and dividend income	(4)	(9)
Interest expenses	13	24
Foreign exchange losses (gains)	29	(4)
Loss (gain) on sales and retirement of property, plant and equipment	38	(110)
Loss (gain) on valuation of investment securities	37	3
Loss (gain) on sales of investment securities	(5)	―
Gain on receipt of investment securities	(14)	―
Decrease (increase) in notes and accounts receivable-trade	(394)	(531)
Decrease (increase) in inventories	131	(145)
Decrease (increase) in other current assets	(308)	304
Decrease (increase) in other investments	135	213
Increase (decrease) in notes and accounts payable-trade	353	(108)
Loss on adjustment for changes of accounting standard for asset retirement obligations	10	―
Increase (decrease) in other current liabilities	(67)	(582)
Increase (decrease) in other noncurrent liabilities	10	1
Subtotal	3,500	2,731
Interest and dividends income received	4	9
Interest expenses paid	(12)	(24)
Income taxes paid	(1,297)	(1,039)
Income taxes refund	16	36
Net cash provided by (used in) operating activities	2,212	1,713
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,082)	(1,742)
Proceeds from sales of property, plant and equipment	―	292
Purchase of intangible assets	(34)	(38)
Proceeds from sales of investment securities	14	0
Proceeds from withdrawal of long-term time deposits	―	(130)
Other payments	(24)	(18)
Other proceeds	0	4
Net cash provided by (used in) investing activities	(4,127)	(1,634)

	FY 2011 (Fiscal year ended March 31, 2011)	FY 2012 (Fiscal year ended March 31, 2012)
		(Thousands of yen)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	1,500	―
Proceeds from sales of property, plant and equipment	―	(286)
Proceeds from (payments for) disposition (purchase) of treasury stock	0	(0)
Cash dividends paid	(454)	(544)
Other, net	(91)	(133)
Net cash provided by (used in) financing activities	954	(964)
Effect of exchange rate change on cash and cash equivalents	(30)	4
Net increase (decrease) in cash and cash equivalents	(991)	(880)
Cash and cash equivalents at beginning of period	7,037	6,045
Cash and cash equivalents at end of period	6,045	5,165