
**The business performance briefing
for the term ended Mar. 2010 (the 72nd term)**

(Apr. 2009-Mar. 2010)



EIKEN CHEMICAL CO., LTD.

Apr. 28, 2010

1



Contents

- ◆ Operating results for the term ended Mar. 2010 (the 72nd term)

- ◆ Primary strategies for the term ended Mar. 2010 (the 72nd term)

- ◆ Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

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2

Operating Results for the term ended Mar. 2010 (the 72nd term)

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Consolidated performance for the term ended Mar. 2010 (the 72nd term)

(Millions of yen)

	Term ended Mar. 2010		Difference from target value		YoY change	
	Target value	Actual results	Ratio	Difference	Ratio	Difference
Net sales	26,780	26,841	100.0	+61	100.0	+727
Gross profit	11,310	10,864	40.5	-445	42.5	-234
Selling, general and administrative expenses	9,370	8,962	33.4	-407	35.5	-307
Operating income	1,940	1,902	7.1	-37	7.0	+73
Ordinary income	2,000	2,011	7.5	+11	7.8	-19
Net income	1,140	1,214	4.5	+74	4.4	+77

- Increase in income for consecutive 10 terms
- Overseas sales did not reach the target value as of the beginning of the term, but this was offset by the increase in the sales inside Japan, etc.
- The decrease in gross profit is offset by the reduction in selling, general and administrative expenses
- The consolidated subsidiary EIKEN SHANHAI CO., LTD.: 15-months financial period

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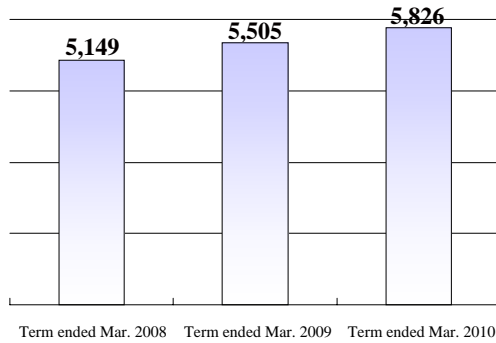
4



Consolidated sales for product category

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	5,149	5,505	5,826



- 5.8% increase from the corresponding term in the previous year
- The sales of fecal occult blood diagnostic reagents in Japan were healthy.
- The sales of fecal occult blood diagnostic reagents outside Japan increased.

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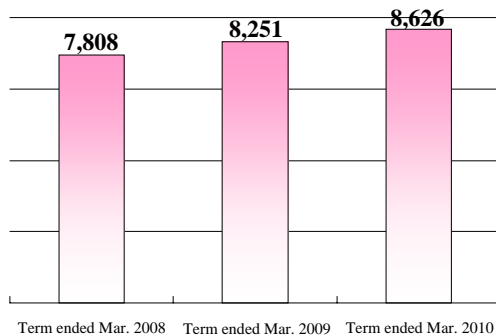
5



Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	7,808	8,251	8,626



- 4.5% increase from the corresponding term in the previous year
- The sales of Tosoh corporation's reagents were healthy.
 - AIA-related reagents
 - HLC723 reagents
- The sales of LZ reagents were healthy.

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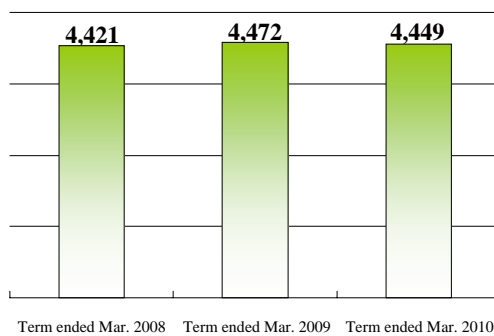
6



Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	4,421	4,472	4,449



- 0.5% decrease from the corresponding term in the previous year
- Enhancement of sales promotion of Pourmedia
- Aggravation of price war
- Decrease in sales of antibiotic susceptibility tests reagents

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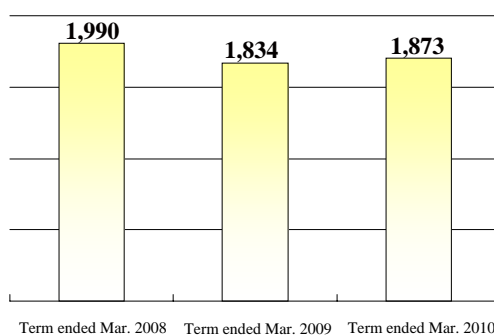
7



Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	1,990	1,834	1,873



- 2.1% increase from the corresponding term in the previous year
- The sales of urinalysis test trip were healthy.
 - Uropaper
 - Uropaper α

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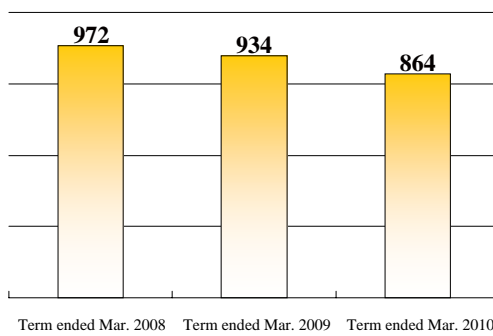
8



Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	972	934	864



- 7.5% decrease from the corresponding term in the previous year
- Decrease in the use of reagents per test
- Decline in market prices

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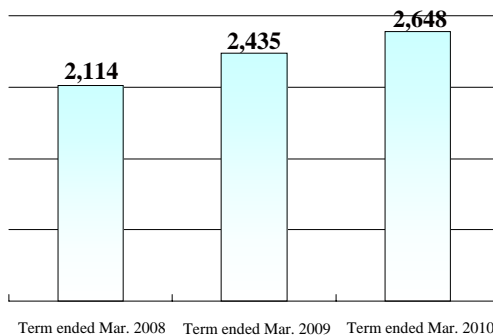
9



Consolidated sales for product category

(Millions of yen)

Medical devices, molecular genetics etc.	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	2,114	2,435	2,648



- 8.8% increase from the corresponding term in the previous year
- Increase in sales of medical devices- related

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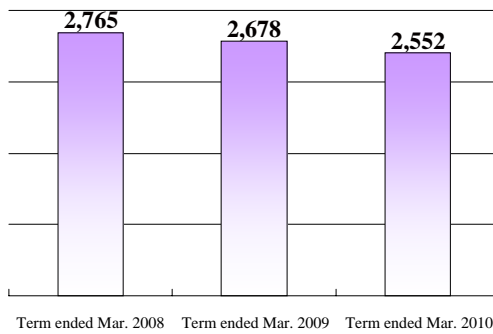
10



Consolidated sales for product category

(Millions of yen)

Industry products (Culture media for equipment, food and environment category)	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
	2,765	2,678	2,552



- 4.7% decrease from the corresponding term in the previous year
- Decline in market prices

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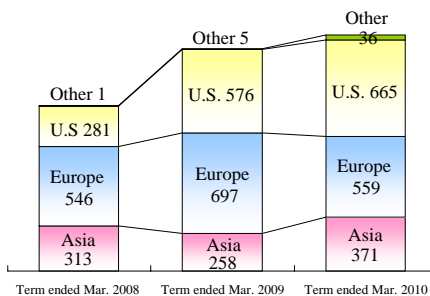
11



Consolidated overseas sales

(Millions of yen)

	Term ended Mar. 2008	Term ended Mar. 2009	Term ended Mar. 2010
Sales	1,141	1,538	1,632
Ratio of overseas sales	4.5%	5.9%	6.1%



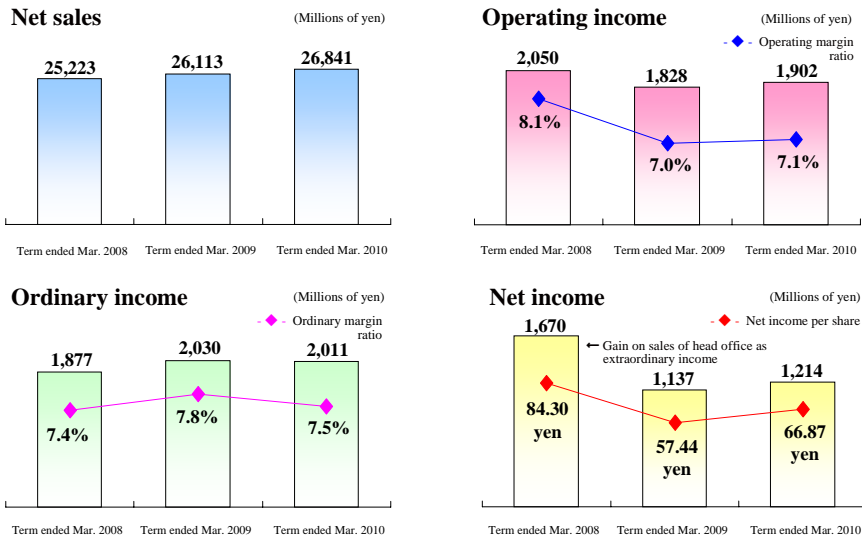
- 6.1% increase from the corresponding term in the previous year
- It did not reach the target value as of the beginning of the term
 - U.S.: OC sensor DIANA
Delay in the FDA authentication
 - Australia: Colon cancer screening
Delay in the program

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12



Indicators for consolidated net sales and profit

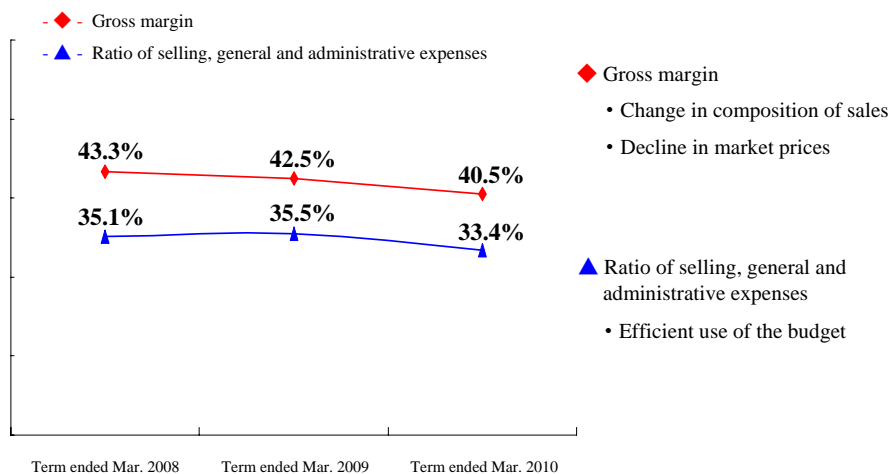


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13



Transition in SG&A expenses and gross margin (consolidated)



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14

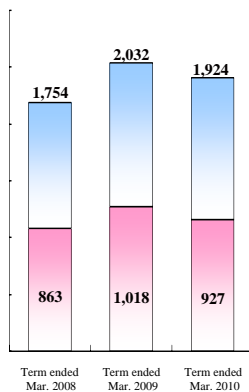


R&D cost and investment in equipment (consolidated)

First half Full year

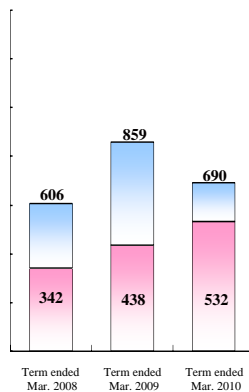
R&D cost

(Millions of yen)



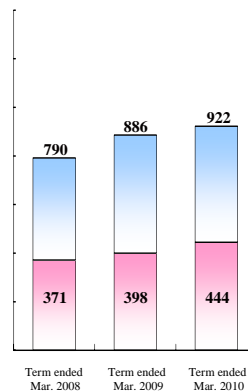
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



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15



Consolidated cash flows

(Millions of yen)

	Term ended Mar. 2009	Term ended Mar. 2010
Cash and cash equivalents at the beginning of the period	6,674	5,418
Cash flows from operating activities	1,887	2,709
Cash flows from investing activities	(1,176)	(660)
Cash flows from financing activities	(1,959)	(431)
Effect of exchange rate changes on cash and cash equivalents	(8)	0
Cash and cash equivalents at the end of the period	5,418	7,037

● Main items in operating cash flows

- Net income before income taxes and other adjustments	1,932
- Depreciation and amortization	922
- Decrease in inventories	748

● Main items in investing cash flows

- Purchase of tangible fixed assets	(802)
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● Main items in financing cash flows

- Dividends paid	(399)
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16



Consolidated balance sheets

(Millions of yen)

Term ended Mar. 2009		Term ended Mar. 2010		Main reasons of increase/decrease
Current assets 18,892	Current liabilities 8,038	Current assets 20,549	Current liabilities 8,763	
Fixed assets 9,003	Fixed liabilities 1,450	Fixed assets 8,765	Fixed liabilities 1,276	- Cash and bank deposits 1,618
	Net assets 18,407		Net assets 19,275	- Notes and account receivable 471
				- Inventories (748)
				● Fixed assets
				- Tangible fixed assets (73)
				● Current liabilities
				- Accrued income taxes 299
				● Fixed liabilities
				- Lease obligations 149
				● Net assets
				- Net income 1,214
				- Dividends paid (399)
Total assets 27,895 million yen		Total assets 29,314 million yen		

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17

Primary strategies for the term ended Mar. 2010 (the 72nd term)

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Primary strategies for the term ended Mar. 2010 (the 72nd term)

◆ Promotion of globalization

- Enhancement of the sales promotion for the core product OC and the expansion of target regions
 - Market cultivation in Europe, the U.S., Australia, and South America, etc.
- Operation of the Molecular genetics (LAMP) business
 - Start of selling in China
 - The AOAC application in the U.S. is being prepared.
- Collaborative business with FIND
 - (1) Examination for tuberculosis
 - Clinical trial in Japan (From Jun. 2009); Application for the approval for production and sale (Feb. 2010)
 - Outside Japan: Review of the feasibility study; Shift to evaluation study
 - (2) To cover malaria, Human African Trypanosomiasis (HAT), and HIV
 - Malaria, HAT: Start of feasibility study



Primary strategies for the term ended Mar. 2010 (the 72nd term)

◆ New products

- Release of the reagent for the new/type A influenza
- We are applying for the approval for the in vitro diagnostic: the reagent kit for detecting new influenza.
- Release of the real-time turbidimeter LoopampEXIA
- We are applying for community-acquired pneumonia infecting organisms (Mycoplasma and Legionella).



◆ Customer support & sales promotion activities

- School & seminar activities, workshops, and exhibitions, etc.
- We sponsor the colon cancer eradication campaign “BRAVE CIRCLE.”



Primary strategies for the term ended Mar. 2010 (the 72nd term)

◆ Efforts for improving productivity

- Promotion of organizational optimization and business streamlining after the integration of the head office
- Reduction in outsourcing cost and appropriate staffing by conducting distribution tasks by ourselves
- Operation of the new factory for powdered media and the integration of production lines (From Jul. 2009)
- EIKEN SHANGHAI CO., LTD.: To increase the variety of our products, including OC and Uropaper.

◆ Preparation for obtaining the ISO14001 certificate

- Screening ended in Mar. 2010.
- We will be provided with the certificate in May 2010.
【Scope of application】 Head Office, Nogi Office, Nasu Office, and Togane Factory

◆ Improvement of the comprehensive risk control system

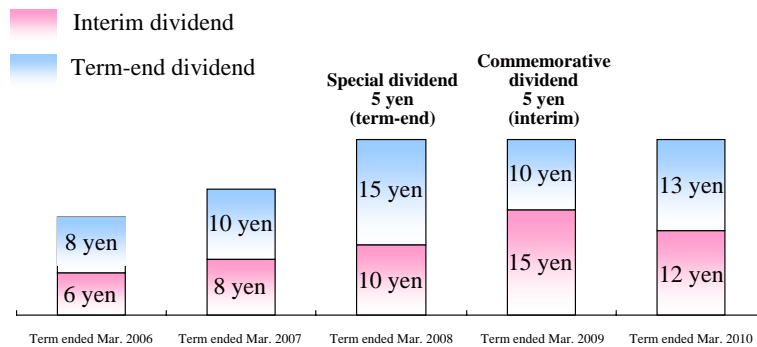
- Establishment of the risk control/compliance committee



Return to shareholders (dividend)

◆ Continuation of stable dividend

- Term-end dividend: 13 yen per share
- Consolidated payout ratio: 37.4%



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

 EIKEN CHEMICAL CO., LTD



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

1. Securing of sales and profit

Inside Japan

- Enhancement of sales promotion of our main products
- Promotion of medical devices (to increase the sales of OC, US, and new LAMP models)

Outside Japan

- OC: Expansion of screening
- LAMP: Cultivation of the food product market
- Improvement in the profitability of EIKEN SHANGHAI CO., LTD.
- Market cultivation in developing countries

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24



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

Global business expansion

◆ Further expansion of OC

- Measures for the screening in Europe (Austria, Czech, and France)
- Retry for the screening in Australia
- U.S.: To target large-scale centers (Kaiser and LabCorp) and Veterans' hospital
- Asia: Expansion of screening in Taiwan

◆ Expansion of LAMP products

- U.S.: Entry to the food product inspection field
- China: Application to quarantines and food product tests
 - The First National LAMP Research Forum at Beijing (May 21, 2010; Beijing)



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

Global business expansion

◆ Market cultivation in developing countries

- Turkey, India, and Thailand ⇒ OC and LAMP

◆ Preparation of overseas bases

- Streamlining of sales promotion in the wide area in Europe
- To increase the number of countries that adopted OC



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

2. Strengthening of R&D

◆ Acceleration of product development

- Promotion of the development of LAMP reagents
- Improvement of products by brushing up existing technologies

◆ FIND business (examination for tuberculosis)

- To conduct evaluation study in 4 countries (FIND)
- To conduct demonstration study (FIND)
 - This Study product: to be released
- To add the CE mark, and prepare for the SFDA approval in China



Primary strategies and earnings forecast for the term ending Mar. 2011 (the 73rd term)

3. Improvement in productivity

- Reduction in production and distribution costs
- Appropriate production and inventory (reduction in inventory)
- Production shift to EIKEN SHANGHAI CO., LTD.
- Reduction in costs through streamlining

4. Reinforcement of corporate systems

- Personnel development for globalization
- Reinforcement of the comprehensive risk control system
- Environmental activities (Operation of environmental management systems)
- Improvement of pharmaceutical business for globalization



Consolidated earnings forecast for the term ending Mar. 2011 (the 73rd term)

Target value

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	27,080	100.0	100.9	27,050	100.0	100.8
Operating income	2,040	7.5	107.2	2,010	7.4	101.2
Ordinary income	2,050	7.6	101.9	2,020	7.5	97.7
Net income	1,250	4.6	102.9	1,220	4.5	95.7

Overseas sales

(Millions of yen)

	Term ended Mar. 2010 Actual results	Term ending Mar. 2011 Target value	Variation
Sales	1,632	1,810	+177
Ratio of overseas sales	6.1%	6.7%	(YoY :110.9%)

Dividend

Estimated dividend	Interim dividend	Term-end dividend	Annual
	12 yen	13 yen	25 yen

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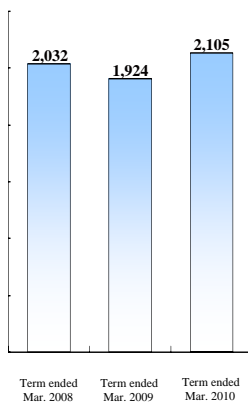
29



R&D cost and investment in equipment (consolidated)

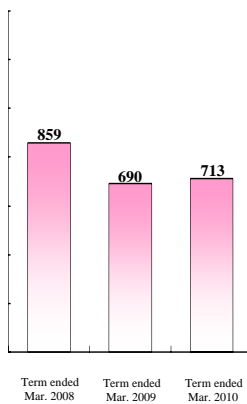
R&D cost

(Millions of yen)



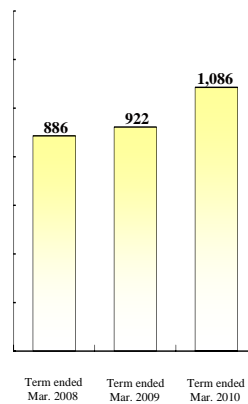
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



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30



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31

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32