
The business performance briefing for the second quarter ending Mar. 2011

 **EIKEN CHEMICAL CO., LTD.**

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Consolidated operating results for the second quarter ending Mar. 2011

Overview of business performance for the second quarter ending Mar. 2011

(Millions of yen)

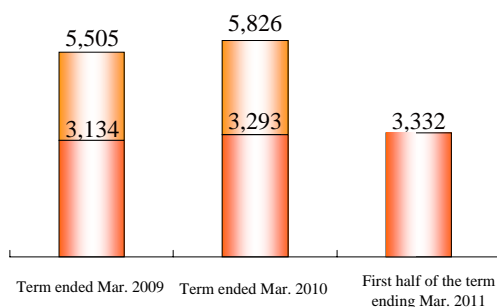
	First half of the term ending Mar. 2011				YoY change	
	Target value	Actual results	Ratio	Difference	Ratio	Difference
Net sales	13,980	14,010	100.0	+30	100.0	+120
Operating income	1,310	1,580	11.3	+270	9.0	+328
Ordinary income	1,330	1,570	11.2	+240	9.7	+218
Net income	800	916	6.5	+116	5.5	+159

- Sales met the target value, despite the decline in market prices due to deflation and the effect of export caused by yen appreciation.
- The decrease in profit due to the increase in the sale of products such as purchase products whose cost rates are relatively high is offset by the reduction in manufacturing costs and selling, general and administrative expenses. Operating income was about 20% larger than the target value.
- ▷ Sales cost ratio improved 1.1 points from the same period previous year (58.8%→57.7%)
- ▷ Selling, general and administrative expenses were reduced 2.8% from the same period previous year

Sales by product category

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	3,134	5,505	3,293	5,826	3,332



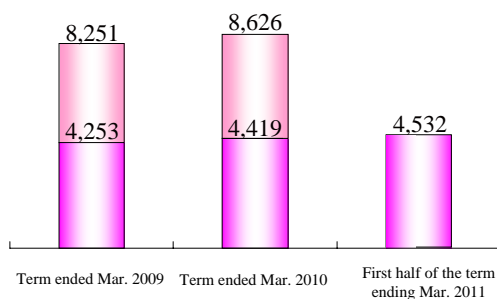
- 1.2% increase from the corresponding term in the previous year
- Sales in Japan were healthy
- Oversea sales slightly decreased

The U.S.: There is the effect of the delay in the diffusion of the fecal occult blood measurement device "OC-Sensor DIANA"

Sales by product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	4,253	8,251	4,419	8,626	4,532

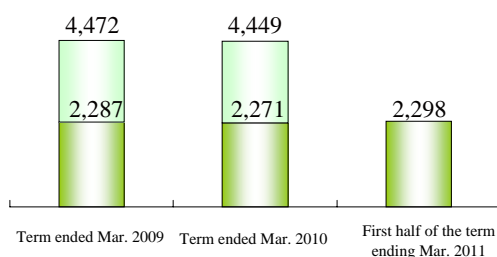


- 2.6% increase from the corresponding term in the previous year
- The sales of Tosoh corporation's reagents were healthy.
 - Immunoassay reagents
 - Glycohemoglobin reagents
- The sales of LZ reagents were healthy.

Sales by product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	2,287	4,472	2,271	4,449	2,298

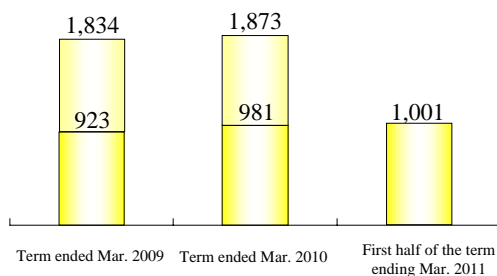


- 1.2% increase from the corresponding term in the previous year
- Sales of Pourmedia were healthy.
- diagnostic reagent for antibiotic susceptibility tests were healthy.

Sales by product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	923	1,834	981	1,873	1,001

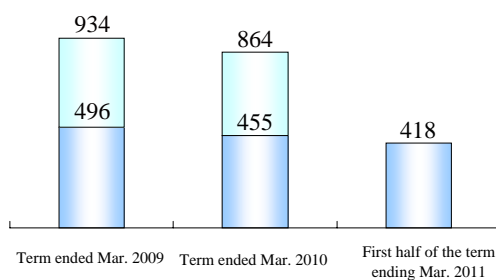


- 2.1% increase from the corresponding term in the previous year
- The sales of urinalysis test strip were healthy
 - The sales of "Uropaper α," specialized reagents for the fully-automatic urinalysis analyzer is good
 - The sales of "Uropaper" decreased slightly.

Sales by product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	496	934	455	864	418

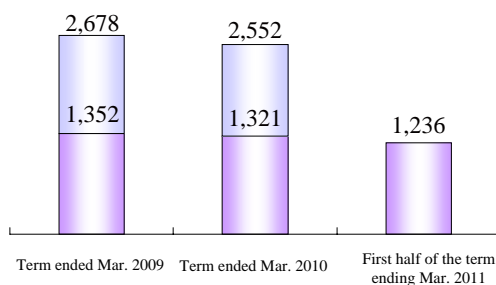


- 8.2% decrease from the corresponding term in the previous year
- Decrease in the use of reagents
- Decline in market prices

Sales by product category

(Millions of yen)

Industry products (Culture media for equipment, food and environment category)	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	1,352	2,678	1,321	2,552	1,236

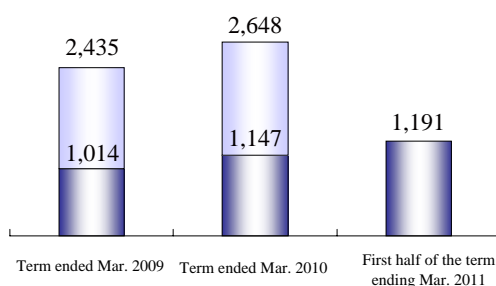


- 6.4% decrease from the corresponding term in the previous year
- Decline in market prices

Sales by product category

(Millions of yen)

Medical analyzer, molecular genetic-related	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	1,014	2,435	1,147	2,648	1,191

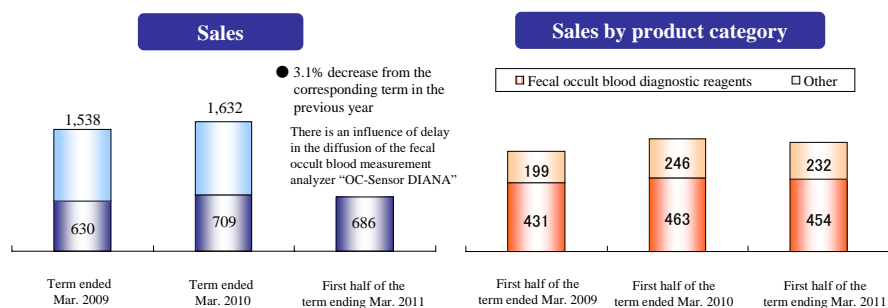


- 3.8% increase from the corresponding term in the previous year
- Sales of medical analyzer-related were healthy

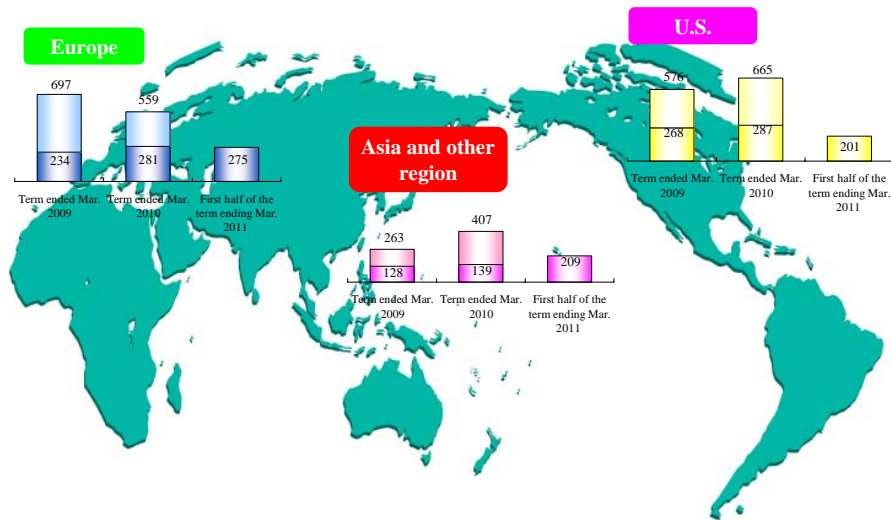
Overseas sales

(Millions of yen)

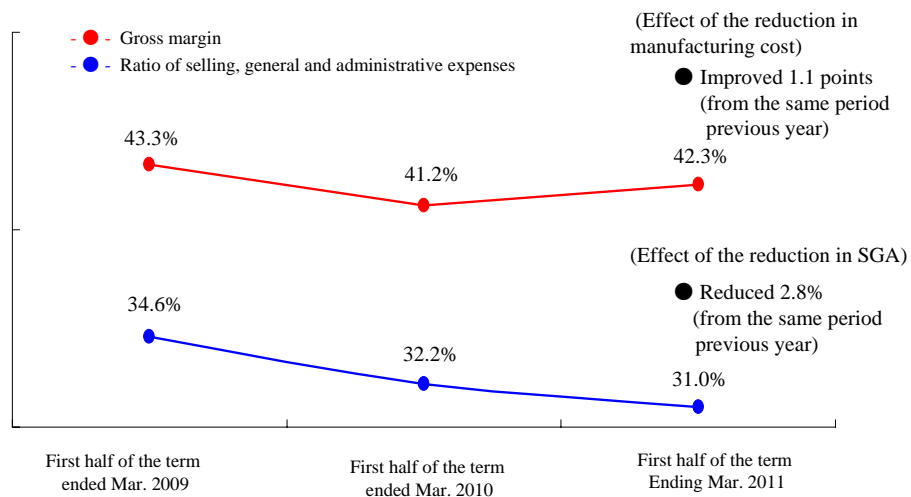
Sales	Term ended Mar. 2009		Term ended Mar. 2010		First half of the term ending Mar. 2011
	1st half	Full year	1st half	Full year	
	630	1,538	709	1,632	686



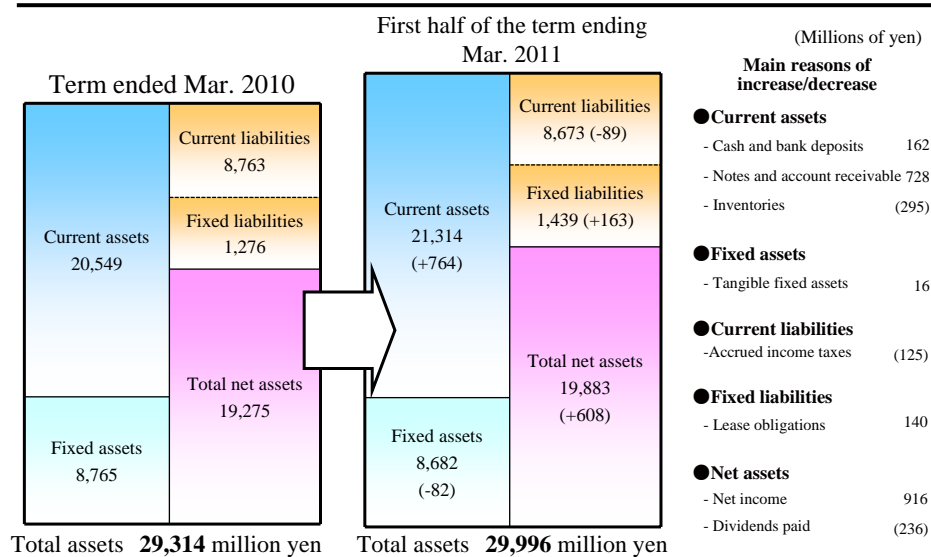
Overseas sales (by region)



Transition in SG&A expenses and gross margin



Balance sheets (Main Factor of Increase/Decrease)



Transition in cash flows

(Millions of yen)

	First half of the term ended Mar. 2010	First half of the term ending Mar. 2011
Cash and cash equivalents at the beginning of the period	5,418	7,037
Cash flows from operating activities	855	642
Cash flows from investing activities	(257)	(178)
Cash flows from financing activities	(192)	(269)
Effect of exchange rate changes on cash and cash equivalents	(25)	(33)
Cash and cash equivalents at the end of the period	5,799	7,199

● Main items in operating cash flows

- Net income before income taxes and other adjustments	1,528
- Depreciation and amortization	422
- Increase in notes and account receivable	(730)
- Decrease in inventories	296

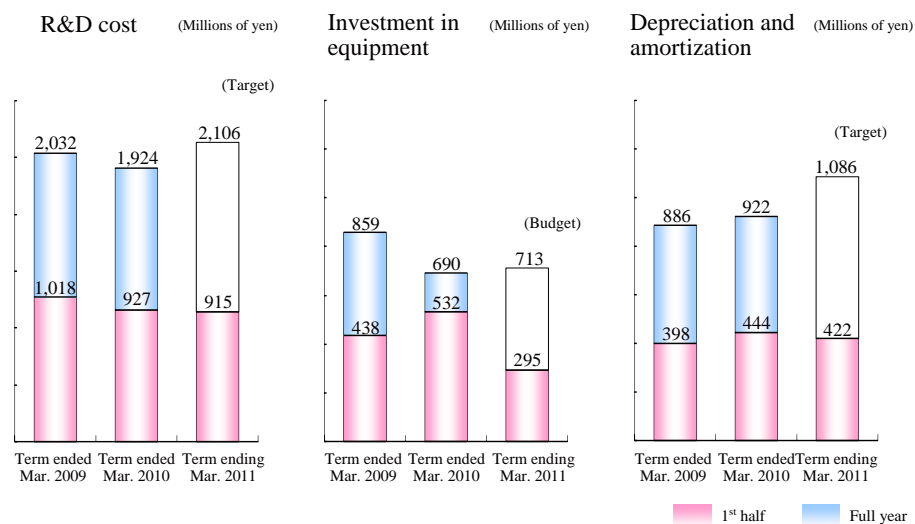
● Main items in investing cash flows

- Purchase of tangible fixed assets	(171)
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● Main items in financing cash flows

- Dividends paid	(236)
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Transition in R&D cost and investment in equipment



Primary strategies for the second quarter ending Mar. 2011

Primary strategies for the second quarter ending Mar. 2011

1. Measures in each country

Japan

- Promotion of ABC Examination mainly at checkup centers and facilities.
 - ▷ ABC Examination: the examination for checking the health of the stomach
- Promotion of analyzer installation (Sales promotion of OC, Uropaper, and new models of LAMP)

The U.S.

- Preparation for the application for the AOAC approval (LAMP products)

Europe

- The adoption of the OC screening was determined in Austria and Czech

Asia, etc.

- Expansion of the OC screening in Taiwan
- The adoption of the OC screening was determined in Turkey
- Diffusion of the LAMP method in China
(The First LAMP Research Forum was held.)

Primary strategies for the second quarter ending Mar. 2011

2. R&D and new products

1) Enrich the lineup of LAMP products

- Extraction reagent for H1 pdm 2009 influenza viruses
- Mycoplasma P screening kit
- Legionella screening kit C

2) Develop a method for rapid screening specific microorganisms in cosmetic and pharmaceutical products with the LAMP method and continue to do so for commercializing it.

- Announced at the 37th annual conference of the Society for Antibacterial and Antifungal Agents, Japan. (collaborative development with Shiseido Co., Ltd.)

Primary strategies for the second quarter ending Mar. 2011

3. FIND business (tuberculosis test)

(1) In Japan

- Applying for the approval of manufacturing and selling

(2) Outside Japan

- Start of the evaluation study in 4 countries
 - Started in Vietnam, Peru, South Africa, and Brazil. Already finished in Vietnam and Peru.

4. Others

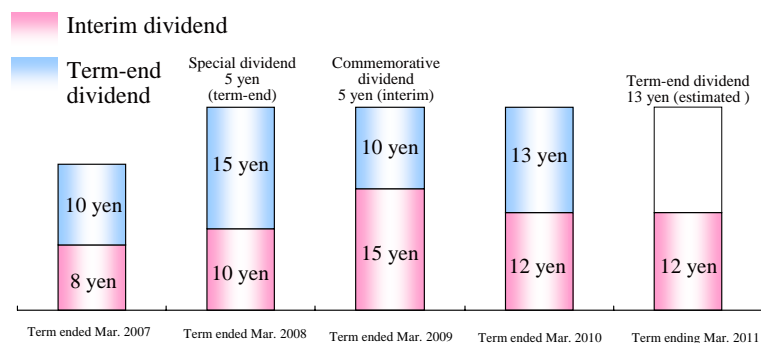
- ISO14001 certification obtained in May 2010
- We sponsored the colon cancer eradication campaign “BRAVE CIRCLE”

Return to shareholders (Interim dividend)

Interim dividend: 12 yen per share

Total amount of interim dividend payment: 217 million yen

Consolidated interim payout ratio: 23.8%



Primary strategies and consolidated earnings forecast for the term ending Mar. 2011

Primary strategies for the term ending Mar. 2011

1. Global expansion

The U.S.

- Expand OC to large-scale centers (Kaiser and Labcorp) and veterans' hospitals.
- Enter the food product inspection market with LAMP products.

Europe

- Promote the adoption of the OC screening in France.
- Prepare for the establishment of expatriate offices

Asia, etc.

- Promote the OC screening in Taiwan
- Introduce LAMP and OC products to emerging countries, such as India and Thailand.
- Diffuse the LAMP method in China
(Second LAMP Research Forum held in China)

Primary strategies for the term ending Mar. 2011

2. FIND business

(1) Tuberculosis test

[In Japan]

- Prepare for the release after the approval

[Outside Japan]

- Jan. 2011 Demonstration Study to be started
- Nov. 2011 Strategic And Technical Advisory Group For Tuberculosis Meeting
 - ▷ Procedures for receiving the recommendation of WHO regarding FIND
- 2012 To be released in developing countries

(2) Malaria

- Mar. 2011 Evaluation Study to be started

(3) HAT (Human African Typanosomiasis)

- Apr. 2011 Research reagents to be released

Earnings forecast for the term ending Mar. 2011

(Millions of yen)

	Term ended Mar. 2010 Actual results	Term ending Mar. 2011		
		Forecast	Ratio [%]	YoY change [%]
Net sales	26,841	27,080	100.0	100.9
Operating income	1,902	2,040	7.5	107.2
Ordinary income	2,011	2,050	7.6	101.9
Net income	1,214	1,250	4.6	102.9

● Earnings forecast unchanged



EIKEN CHEMICAL CO., LTD.

We contribute to the health of people as a
comprehensive maker of clinical diagnostic agents.

<http://www.eiken.co.jp>

Notes

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