
**The business performance briefing
for the term ended Mar. 2011 (the 73rd term)**

(Apr. 2010-Mar. 2011)



EIKEN CHEMICAL CO., LTD.

Apr. 28, 2011

1

**Operating Results for the
term ended Mar. 2011
(the 73rd term)**



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Consolidated performance for the term ended Mar. 2011 (the 73rd term)

(Millions of yen)

	Term ended Mar. 2011		Difference from target value		YoY change	
	Target value	Actual results	Ratio	Difference	Results	Difference
Net sales	27,080	27,562	100.0	+482	26,841	+721
Operating income	2,400	2,709	9.8	+309	1,902	+806
Ordinary income	2,440	2,775	10.1	+355	2,011	+764
Net income	1,410	1,672	6.1	+262	1,214	+457

- Increase in income for consecutive 11 terms
- 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
- 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.

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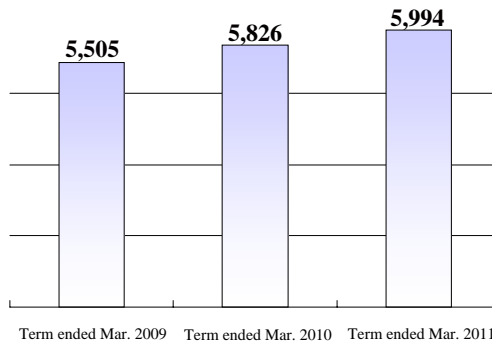
3



Consolidated sales for product category

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	5,505	5,826	5,994



- 2.9% 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 remain at the same level.

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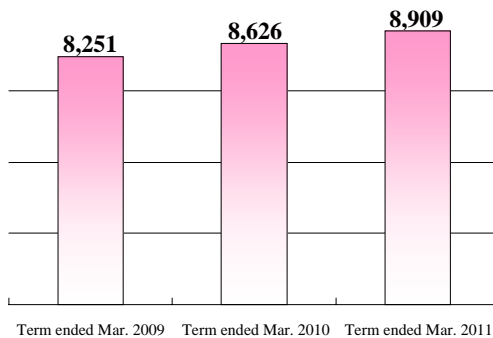
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Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	8,251	8,626	8,909



- 3.3% 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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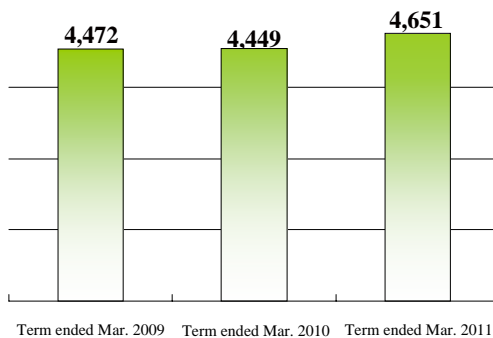
5



Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	4,472	4,449	4,651



- 4.5% increase from the corresponding term in the previous year
- The sales of Pourmedia and antibiotic susceptibility tests reagents were healthy.

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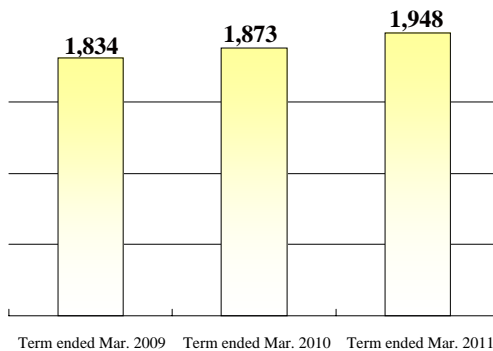
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Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	1,834	1,873	1,948



- 4.0% increase from the corresponding term in the previous year
- The sales of urinalysis test strip "Uropaper α " for the automatic urine analyzer were healthy.

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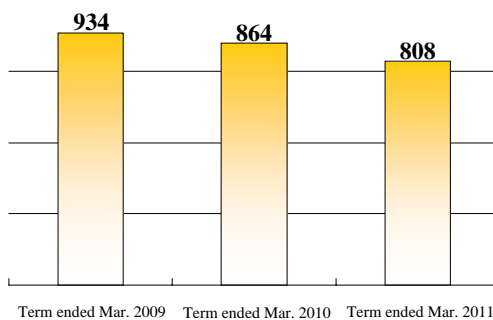
7



Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	934	864	808



- 6.5% decrease from the corresponding term in the previous year
- Decline in market prices
- Decrease in the use of reagents per test due to the advancement of analyzers

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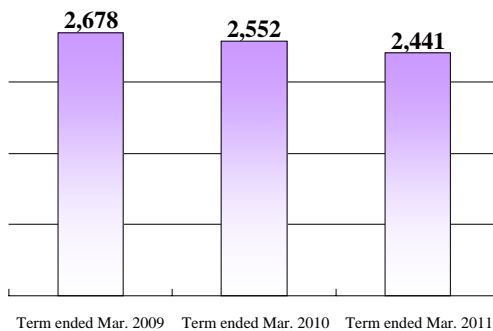
8



Consolidated sales for product category

(Millions of yen)

Industry products (Culture media for equipment, food and environment category)	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	2,678	2,552	2,441



- 4.4% decrease from the corresponding term in the previous year
- Decline in market prices

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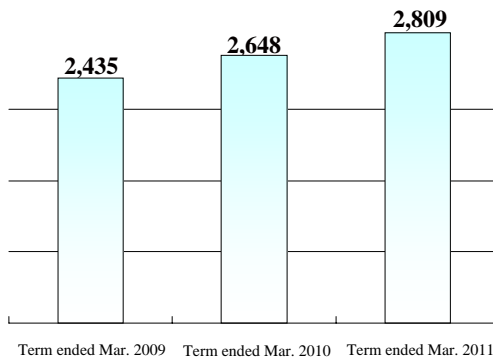
9



Consolidated sales for product category

(Millions of yen)

Medical devices, molecular genetics etc.	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
	2,435	2,648	2,809



- 6.1% increase from the corresponding term in the previous year
- Increase in sales of medical devices and patent rights income of LAMP method

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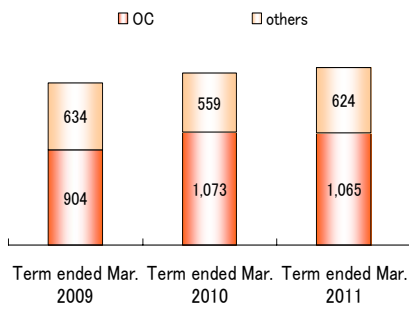
10



Consolidated overseas sales

(Millions of yen)

	Term ended Mar. 2009	Term ended Mar. 2010	Term ended Mar. 2011
Sales	1,538	1,632	1,689
Ratio of overseas sales	5.9%	6.1%	6.1%



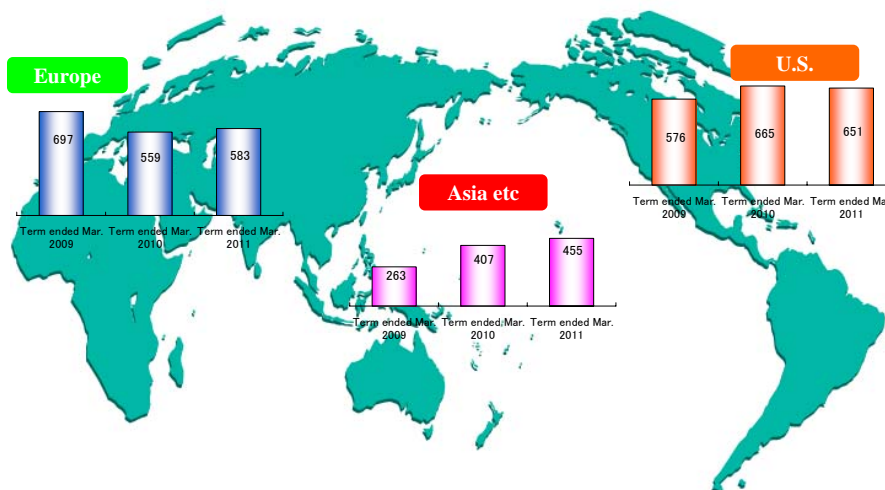
● 3.5% increase from the corresponding term in the previous year

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11



Consolidated overseas sales

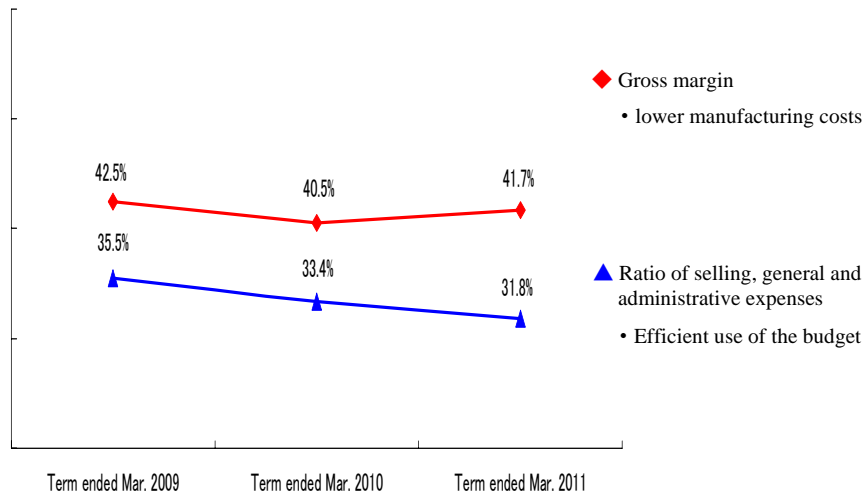


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12



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



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13



Consolidated balance sheets

Term ended Mar. 2010		Term ended Mar. 2011		Main reasons of increase/decrease
Current assets	Current liabilities	Current assets	Current liabilities	
20,549	8,763	20,195	9,405	● Current assets - Cash and deposits (991) - Notes and account receivable 393 - Inventories (130) ● Noncurrent assets - Land 3,440 ● Current liabilities - Income taxes payable (283) ● Noncurrent liabilities - Lease obligations 332 - Long-term loans payable 1,214 ● Total net assets - Net income 1,672 - Dividends paid (454)
	Noncurrent liabilities	(-354)	2,785	
	1,276		(+1,509)	
	Net assets		20,451	
	19,275		(+1,175)	
Noncurrent assets		Noncurrent assets		
8,765		12,446		
		(+3,681)		
Total assets		Total assets		
29,314 million yen		32,642 million yen		

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14



Consolidated cash flows

(Millions of yen)

	Term ended Mar. 2010	Term ended Mar. 2011
Cash and cash equivalents at beginning of the period	5,418	7,037
Net cash provided by (used in) operating activities	2,709	2,212
Net cash provided by (used in) investing activities	(660)	(4,127)
Net cash provided by (used in) financing activities	(431)	954
Effect of exchange rate changes on cash and cash equivalents	0	(30)
Cash and cash equivalents at end of the period	7,037	6,045

● Main items in operating cash flows

- Income before income taxes and minority interests	2,642
- Depreciation and amortization	923
- Decrease in trade receivables	(394)
- Decrease in inventories	131

● Main items in investing cash flows

- Purchase of property, plant and equipment	(4,082)
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● Main items in financing cash flows

- Proceeds from long-term loans payable	1,500
- Cash dividends paid	(454)

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15

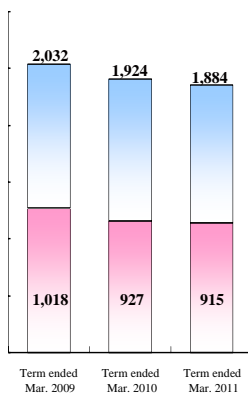


R&D cost and investment in equipment (consolidated)

■ First half ■ Full year

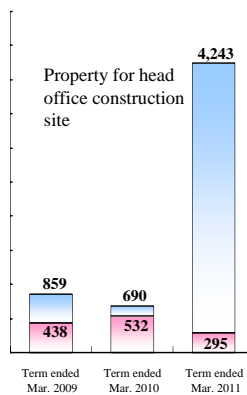
R&D cost

(Millions of yen)



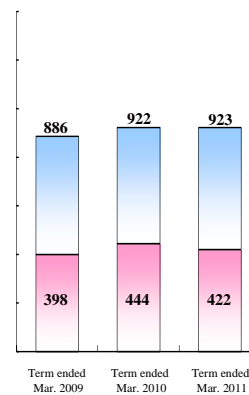
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



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16

Primary strategies for the term ended Mar. 2011 (the 73rd term)

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Primary strategies for the term ended Mar. 2011 (the 73rd term)

1. Promotion of the sale measure

Japan

- Promotion of medical devices (to increase the sales of OC, US, and LAMP)
- Promotion of ABC Examination mainly at checkup centers and facilities.
 - ▷ ABC Examination: the examination for checking the health of the stomach

U.S.

- Expand OC to large-scale centers (Kaiser and Labcorp) and veterans' hospitals.
- LAMP: Entry to the food product inspection field (AOAC certificate)

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18



Primary strategies for the term ended Mar. 2011 (the 73rd term)

1. Promotion of the sale measure

Europe

- OC Screening in France : postponement of the bid time
- Adoption decision of the OC screening in Austria and Czech
- Prepare for the establishment of Europe office

Asia, etc

- Expansion of OC screening in Taiwan
- Adoption decision of the OC screening in Turkey
- Diffuse the LAMP method in China
National LAMP Research Forum(two times)



Primary strategies for the term ended Mar. 2011 (the 73rd term)

2. R&D and new products

1) Improvement of products by existing technologies

2) Enrich the lineup of LAMP products

- H1 pdm 2009 influenza viruses detection kit
- Influenza A viruses detection kit
- Mycoplasma detection kit
- Legionella detection kit
- Herpes simplex virus(HSV-1/2) detection kit
- Bordetella pertussis detection kit

3) 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. (collaborative development with Shiseido Co., Ltd.)



Primary strategies for the term ended Mar. 2011 (the 73rd term)

3. FIND business

(1) Tuberculosis test

[In Japan]

June 2011

Launch of “Loopamp® Tuberculosis Complex Detection Reagent Kit”, “Loopamp® PURE DNA Extraction Kit” and “Loopamp® LF-160 Homeothermal Equipment with Fluorometer” .

[Outside Japan]

Dec. 2010 Finished of the evaluation study in 4 countries

Feb. 2011 Demonstration Study to be started in Peru, Uganda and India

(2) Malaria

Mar. 2011 Evaluation Study to be started

(3) HAT (Human African Trypanosomiasis)

Research reagents to be released

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21



Primary strategies for the term ended Mar. 2011 (the 73rd term)

4. Improvements in productivity and other related issues

(1) Improvement of sales cost ratio (by reduction of manufacturing costs and other measures)

(2) Completion of the transfer of manufacture of certain scheduled items to EIKEN SHANGHAI CO., LTD.

(3) Reduction of selling, general and administrative expenses by an increase in business efficiency

(4) Environmental measures

▷ Acquisition of the ISO 14001 certificate (May, 2010) and implementation of company's environmental program

(5) Personnel training

▷ Expansion of educational training

(6) Acquisition (December, 2010) of the building lot (Akihabara) for the corporate headquarter building

▷ Floor space: 998.16sq m

▷ Acquisition value (book-value): 3,440 million yen

▷ Presently used as: parking lot

(7) Support of BRAVE CIRCLE Campaign against Cancer of the Large Intestine

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22

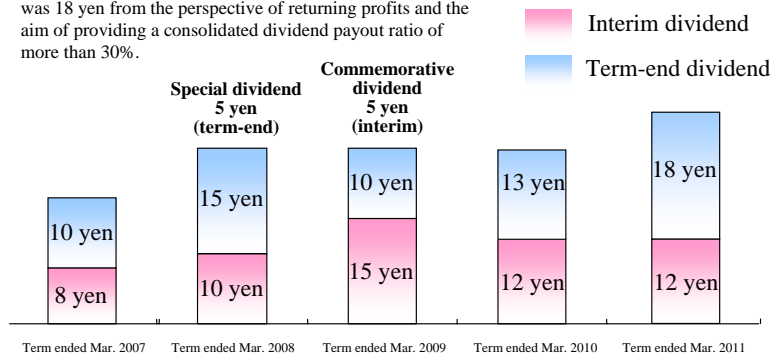


Return to shareholders (dividend)

◆ Continuation of stable dividend

- Term-end dividend: 18 yen per share
- Consolidated payout ratio: 32.6%

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%.



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23

Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)



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Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)

1. Sales promotion

(1) Domestic market

- Strengthening of sales promotion system for our flagship products
- Promotion of installation of equipment
- Launch and sales promotion of LAMP reagent for tuberculosis test
 - ▷ Manufacturing and Marketing approval acquired on April 18, 2011, and the start of sales is scheduled for June, 2011

(2) International market

- OC: expansion of the screening market
- LAMP: expansion of the market, measures to acquire patent license

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25
25



Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)

2. Global expansion

North America

- Furthering of adoption of OC products
- Entry into the food product inspection market and establishment of the sale system

Europe

- Acquisition of approval to use OC products for screening from the government of France, and further promotion of measures for adoption of OC products in Europe
- Establishment of a European office (scheduled for June, 2011)
 - ▷ Amsterdam (Netherlands)

Asia, etc.

- Establishment of production and sales system of LAMP reagent
 - ▷ EIKEN SHANGHAI CO., LTD.: start of production is scheduled for October, 2011
- Cultivation of the markets of the newly-rising nations (India, etc.)

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26



Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)

3. Strengthening of research and development

(1) Acceleration of product development

- Further promotion of the development of LAMP reagent
- Promotion of development of new immunological reagents and equipment
- Improvement of the products by brushing up the existing technology

(2) FIND business

- New applications and development of the LAMP method



Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)

4. FIND business

(1) Tuberculosis test

[Domestic]

- Approval received on April 18, 2011; sales are scheduled for June, 2011

[Overseas]

2012 First half

Strategic And Technical Advisory Group For Tuberculosis Meeting

* Application procedures to obtain recommendation from WHO for FIND

2012 Second half

Due to be put on the market in the developing countries

(2) Malaria

March, 2012)

Due to be put on the market in the developing countries

(3) HAT (African sleeping sickness)

July, 2011)

Reagent for research due to be marketed



Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74th term)

5. Improvement in productivity, and reinforcement of the system

- (1) Improvement of sales cost ratio
 - ▷ Reduction of manufacturing costs, etc.
- (2) Reorganization of the production base
 - ▷ Togane Plant closure (scheduled for August, 2012)
 - ▷ Gradual concentration (of operation management center. etc.) at the Nogi Plant
 - ▷ Construction of the operation management center (buildings for manufacture and clerical work)
 - [Building area] 1,703sq m
 - [Total floor area] 5,025sq m (4 stories)
 - [Amount of investment] About 1,400 million yen (including costs of building and equipment)
 - [Completion] Scheduled for January, 2012
- (3) Cost reduction by increasing business efficiency
- (4) Formulation and implementation of the key personnel training program

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29



Consolidated earnings forecast for the term ending Mar. 2012 (the 74th term)

Target value

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	27,610	100.0	100.2	27,580	100.0	100.1
Operating income	2,210	8.0	81.6	2,210	8.0	81.0
Ordinary income	2,280	8.3	82.2	2,020	8.3	81.0
Net income	1,080	3.9	64.6	1,080	3.9	63.1

- Increase in research and development expenses
- Loss from the Togane Plant closing 500 million yen

Overseas sales

(Millions of yen)

	Term ended Mar. 2011 Actual results	Term ending Mar. 2012 Target value	Variation
Sales	1,689	1,911	+222 (YoY :113.1%)

Dividend

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

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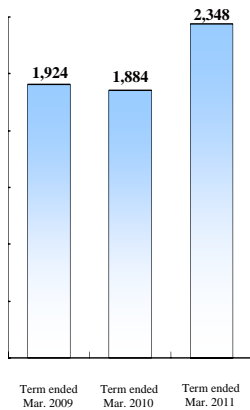
30



R&D cost and investment in equipment (consolidated)

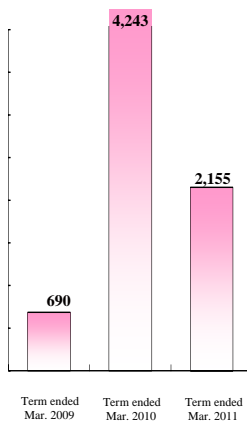
R&D cost

(Millions of yen)



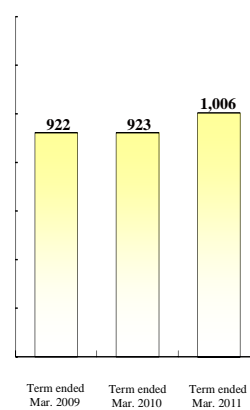
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



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31



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32

Notes

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