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**The business performance briefing  
for the second quarter ending Mar. 2012**

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(Apr. 1, 2011 to Sep. 30, 2011)



**EIKEN CHEMICAL CO., LTD.**

Oct. 27, 2011

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**Consolidated operating results  
for the second quarter  
ending Mar. 2012**

 **EIKEN CHEMICAL CO., LTD**

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## Overview of consolidated performance for the second quarter ending Mar. 2012

(Millions of yen)

	First half of the term ending Mar. 2012		Difference from target value		YoY change	
	Target value	Actual results	Ratio	Difference	Results	Difference
Net sales	14,290	14,121	100.0	-169	14,010	+111
Operating income	1,600	1,643	11.6	+43	1,580	+63
Ordinary income	1,640	1,703	12.1	+63	1,570	+133
Net income	940	921	6.5	-19	916	+5

In the first quarter, due to a delay in the recovery of damaged medical institutions in the disaster-stricken areas, and also due to a temporary increase in demand immediately after the earthquake, and the subsequent counteraction after overstocking, sales of all products dropped. Nevertheless, already in the beginning of the second quarter sales in all areas got back on their feet, and the company is gradually resuming in the municipalities nationwide the cancer-screening business that fell behind schedule due to the impact of the earthquake.

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 0.3 points as compared with last year. And we also made an effort to minimize expenses.

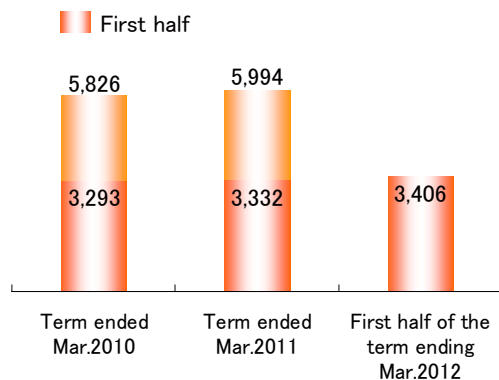
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## Consolidated sales for product category

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	3,293	5,826	3,332	5,994	3,406



- 2.2% increase from the corresponding term in the previous year
- Sales in Japan  
Demand for medical examination for colon cancer that had decreased under the impact of the earthquake has recovered
- Oversea sales  
Increase in sales of reagents for autoanalyzers

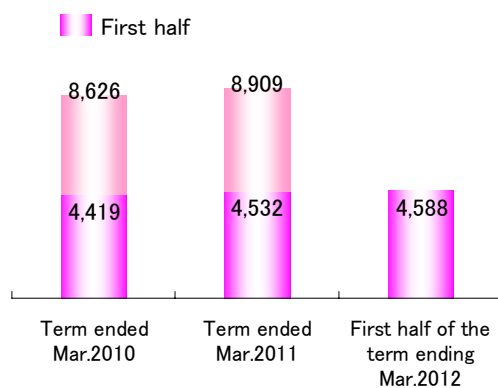
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## Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	4,419	8,626	4,532	8,909	4,588



- 1.2% increase from the corresponding term in the previous year
- The sales of Tosoh corporation's reagents were healthy
  - Immunoassay reagents
- The sales of LZ reagents were healthy
  - ABC examination

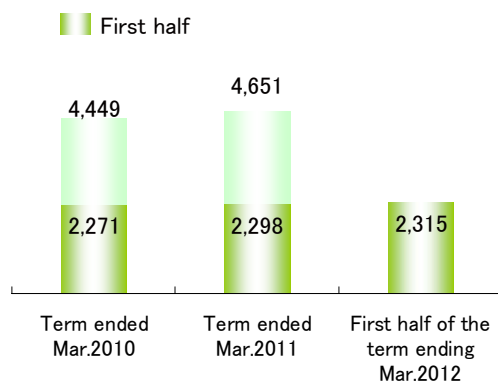
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## Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	2,271	4,449	2,298	4,651	2,315



- 0.7% increase from the corresponding term in the previous year
- Increase in sales of culture media which are manufactured for food related industry and "Dry Plate 'Eiken'", a diagnostic reagent for drug sensitivity tests

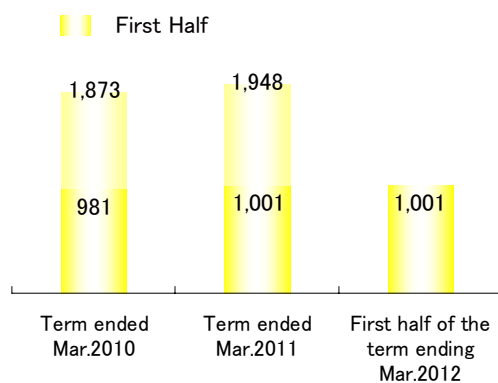
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## Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	981	1,873	1,001	1,948	1,001



- The sales of “Uropaper α,” specialized reagents for the fully-automatic urinalysis analyzers were healthy
- The sales of “Uropaper” decreased slightly, due to the switchover to the fully-automatic urinalysis analyzers

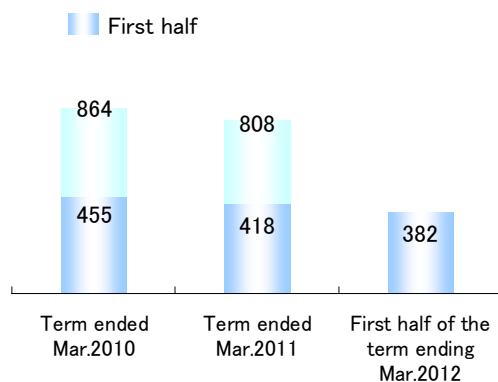
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## Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	455	864	418	808	382



- 8.7% decrease from the corresponding term in the previous year
- Decline in the use of reagents due to the advancement of analyzers
- Decline in market prices due to cost competition

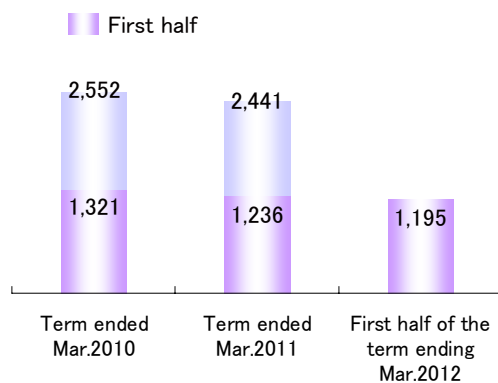
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## Consolidated sales for product category

(Millions of yen)

Industry products (Culture media for equipment, food and environment category)	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	1,321	2,552	1,236	2,441	1,195



- 3.3% decrease from the corresponding term in the previous year
- Decrease in demand especially in the areas stricken by disaster due to competitive pressure on prices and the impact of the earthquake.

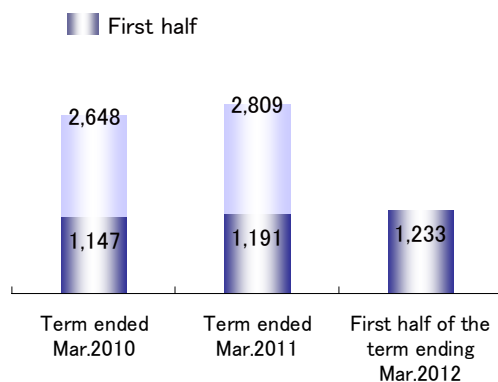
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## Consolidated sales for product category

(Millions of yen)

Medical analyzer, molecular genetic-related	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	1,147	2,648	1,191	2,809	1,233



- 3.5% increase from the corresponding term in the previous year
- Contribution made by the sales of genetic products and patent royalties from the LAMP method

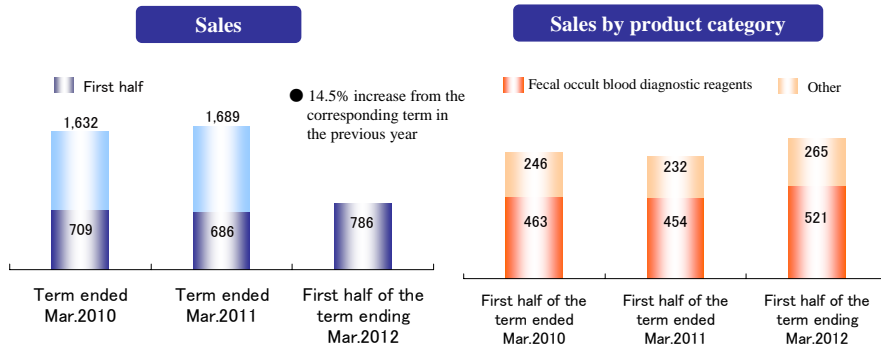
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## Overseas sales

(Millions of yen)

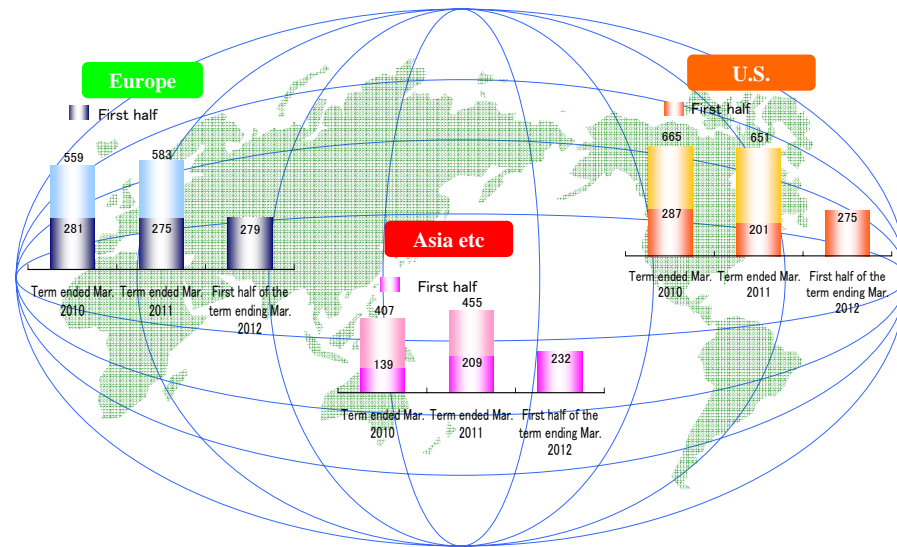
Overseas Sales	Term ended Mar. 2010		Term ended Mar. 2011		First half of the term ending Mar. 2012
	1st half	Full year	1st half	Full year	
	709	1,632	686	1,689	786



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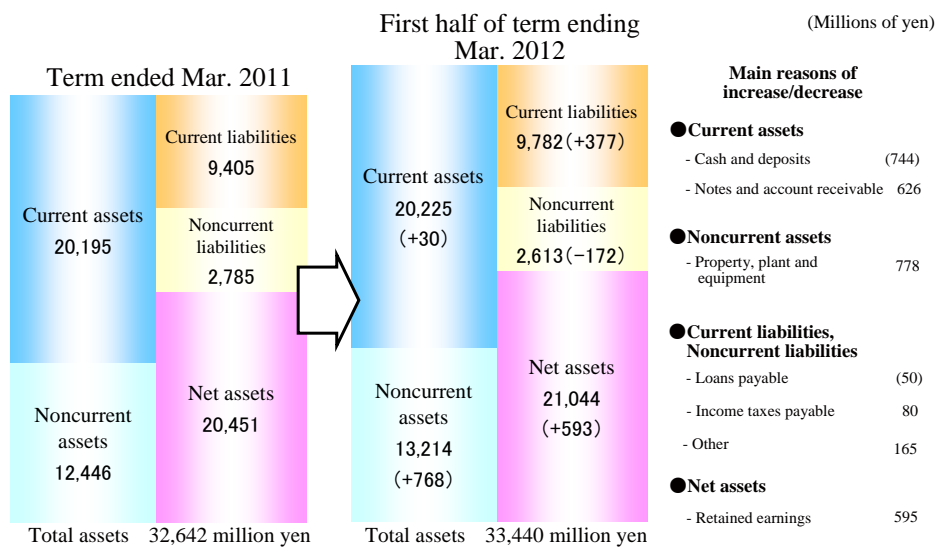
## Consolidated overseas sales



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## Balance sheets

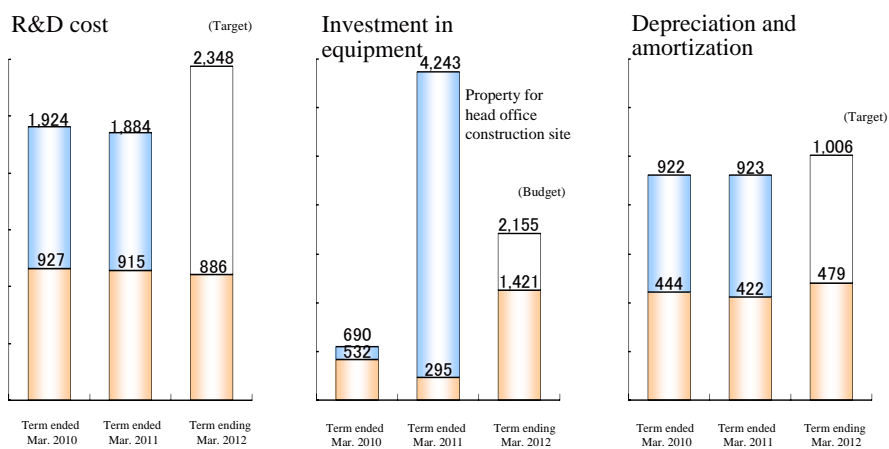


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## R&D cost and investment in equipment (consolidated)

■ First half ■ Full year (Millions of yen)



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# Primary strategies for the second quarter ending Mar. 2012

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## Primary strategies for the second quarter ending Mar. 2012

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### 1. Promotion of the sale measure

#### Japan

- Strengthening of sales promotion system for our flagship products
- Sales promotion of LAMP reagent for tuberculosis
- 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 reagent and medical devices
- LAMP: Entry to the food product inspection field
  - ▷ AOAC certificate, Nov,2011

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## Primary strategies for the second quarter ending Mar. 2012

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### 1. Promotion of the sale measure

#### Europe

- Research activity of the OC Screening bid in France
  - ▷ Screening start : 2013
- Adoption decision of the OC screening in Slovenia
- Establishment of Europe office (Amsterdam)

#### Asia, etc

- Adoption decision of the OC prescreening in New Zealand
- Research activity of the OC Screening bid in Australia
- Establishment of production and sales system of LAMP reagent
  - ▷ EIKEN SHANGHAI CO., LTD.

## Primary strategies for the second quarter ending Mar. 2012

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### 2. R&D and new products

#### 1) LAMP method

- Launch of “Loopamp® Tuberculosis Complex Detection Reagent Kit”
  - ▷ June 1, 2011, Insurance application : Oct. 1, 2011
- Mycoplasma detection kit, Legionella detection kit
  - ▷ Insurance application : Oct. 1, 2011
- 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.

#### 2) Bioluminescent Enzyme Immunoassay

- Promotion of development of new immunological reagents and equipment

## Primary strategies for the second quarter ending Mar. 2012

### 3. FIND business

#### (1) Tuberculosis test [Outside Japan]

- ▷ Demonstration Study started in Peru, Uganda and India (phase I)

#### (2) Malaria

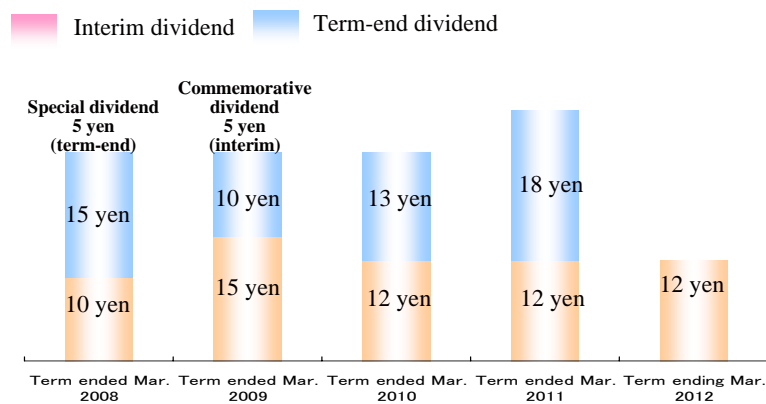
- ▷ Evaluation Study started

#### (3) HAT (Human African Typanosomiasis)

- ▷ Launch of research reagents for FIND, July, 2011  
Clinical Study to be started in Uganda and Congo

## Return to shareholders (Interim dividend)

- Interim dividend: 12 yen per share
- Consolidated interim payout ratio: 23.6%



# Primary strategies and earnings forecast for the term ending Mar. 2012 (the 74<sup>th</sup> term)

 EIKEN CHEMICAL CO., LTD

## Primary strategies for the term ending Mar. 2012 (the 74<sup>th</sup> term)

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### 1. Sales promotion

#### (1) Domestic market

- Sales promotion of LAMP reagents and equipment
  - ▷ Respiratory infectious disease (tuberculosis, mycoplasma, legionella)
- Strengthening of sales promotion system for our flagship products
  - ▷ Launch of “LZ reagent MMP-3” for rheumatoid arthritis

#### (2) International market

- OC: expansion of the screening market
- LAMP: expansion of the market, measures to acquire patent license
- Establishment of production and sales system of LAMP reagent
  - ▷ EIKEN SHANGHAI CO., LTD.: start of production is scheduled for December, 2011

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**Primary strategies for the term ending Mar. 2012  
(the 74<sup>th</sup> term)**

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2. FIND business

(1) Tuberculosis test

[Overseas]

- Demonstration Study to be started phase II
- 2012 Second half
- ▷ Strategic And Technical Advisory Group For Tuberculosis Meeting
  - \* Application procedures to obtain recommendation from WHO for FIND
- ▷ Due to be put on the market in the developing countries

(2) Malaria

- Continuation of Evaluation Study
- 2012 First half
- ▷ Due to be put on the market in the developing countries

**Primary strategies for the term ending Mar. 2012  
(the 74<sup>th</sup> term)**

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3. Improvement in productivity, and reinforcement of the system

(1) Reorganization of the production base

- Togane Plant closure (scheduled for August, 2012)
- Concluded a disposal contract regarding Oji Office (August, 2011)
- ▷ Due to degradation of the building and also with a view to increase the efficiency of management
- ▷ Gain made on sale : 110 million yen (the end of March, 2012)

(2) Construction of the operation management center (buildings for manufacture and clerical work)

- ▷ Gradual concentration (of operation management center. etc.) at the Nogi Plant from Togane Plant and Oji office

**Consolidated earnings forecast for the term ending  
Mar. 2012 (the 74<sup>th</sup> 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

**Dividend**

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

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