
The business performance briefing
for the first second quarter of
fiscal year ending Mar. 31 2013
(the 75th term)



EIKEN CHEMICAL CO., LTD.

Oct. 25, 2012



Consolidated operating results
for the first second quarter of
fiscal year ending Mar. 31 2013
(the 75th term)



(Millions of yen)

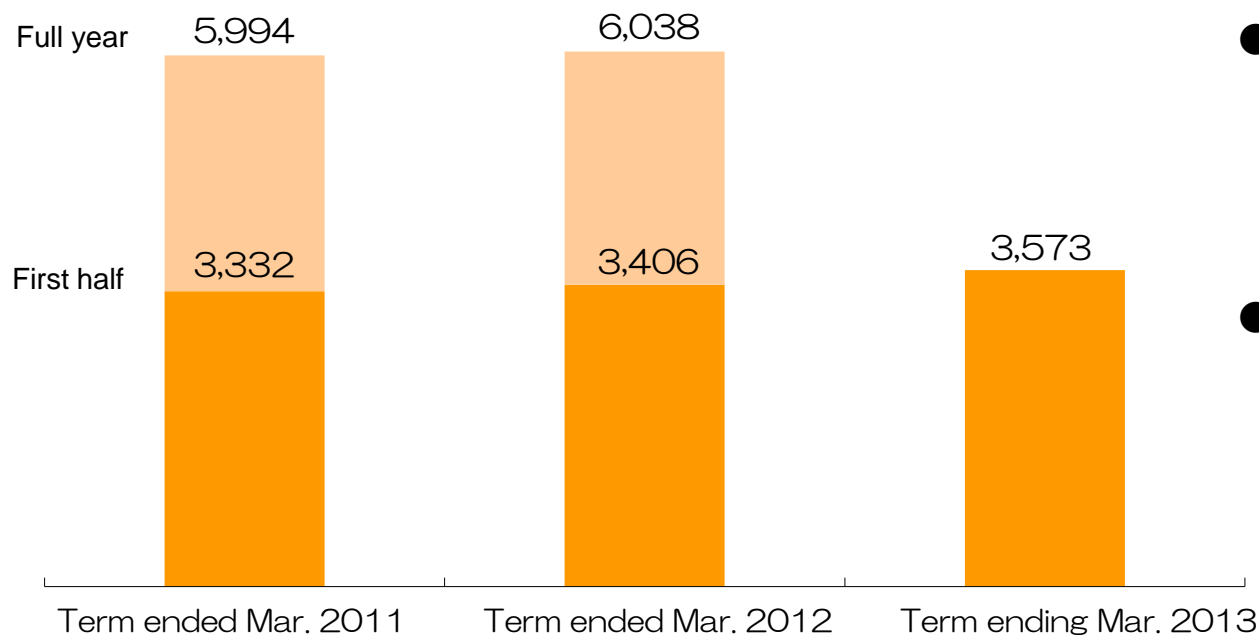
	First second quarter ending Mar. 31 2013			Difference from target value	YoY change
	Target value	Actual results	Ratio		
Net sales	14,330	14,638		308	516
Operating income	1,400	1,484	10.1%	84	(159)
Ordinary income	1,450	1,586	10.8%	136	(116)
Net income	910	993	6.8%	83	71

- Laboratory testing fees 2012, remained roughly flat.
- Short supply of our sampling bottle to detect fecal occult blood because of the flooding in Thailand were resolved.
- 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 3.7% year over year to 14,638 million yen.
- Increase significantly in medical devices and molecular genetics (LAMP method)- related products.
- Overseas sales were increased as a result of an increase in sales of fecal occult blood diagnostic reagents.
- The selling, general and administrative expenses increased 2.6% year over year.

Consolidated sales for product category

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar. 2013
	First half	Full year	First half	Full year	First half
	3,332	5,994	3,406	6,038	3,573

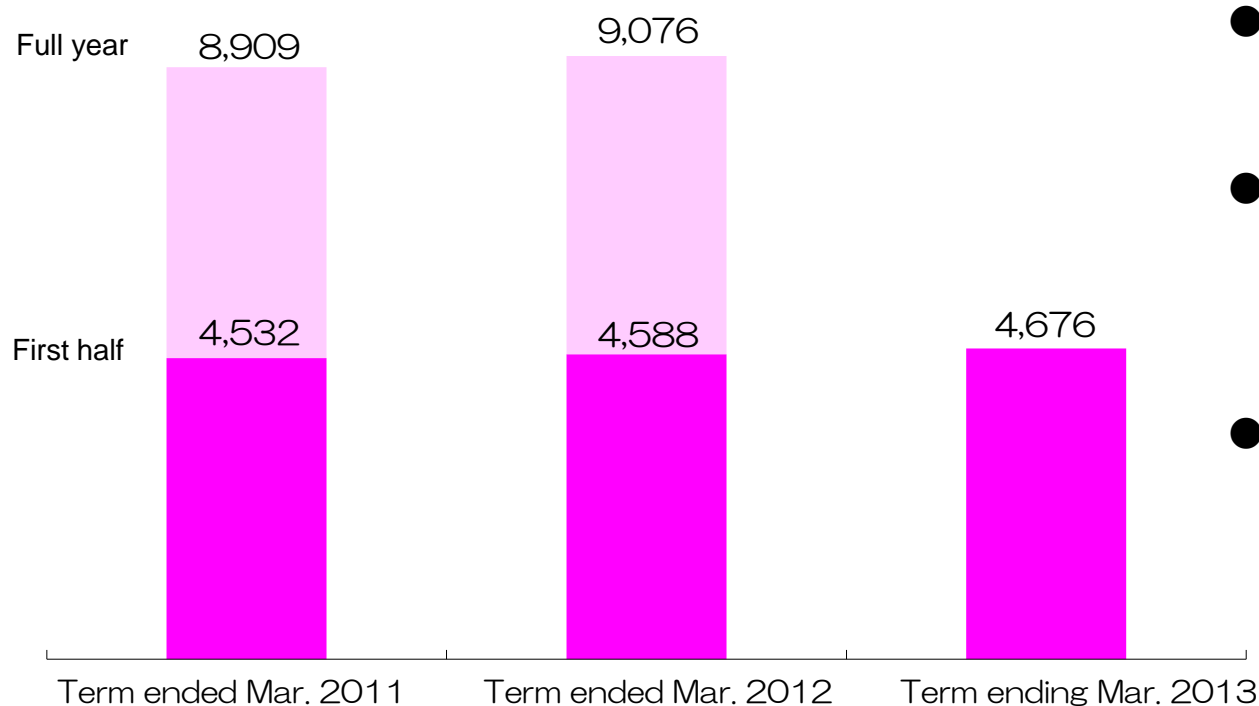


- 4.9% increase from the corresponding term in the previous year
- The sales of fecal occult blood diagnostic reagents in Japan were small decrease. Supply of sampling bottles have returned to normality.
- The sales of fecal occult blood diagnostic reagents outside Japan were healthy. The sales of devices were increase in U.S. and Asia markets.

Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar. 2013
	First half	Full year	First half	Full year	First half
	4,532	8,909	4,588	9,076	4,676

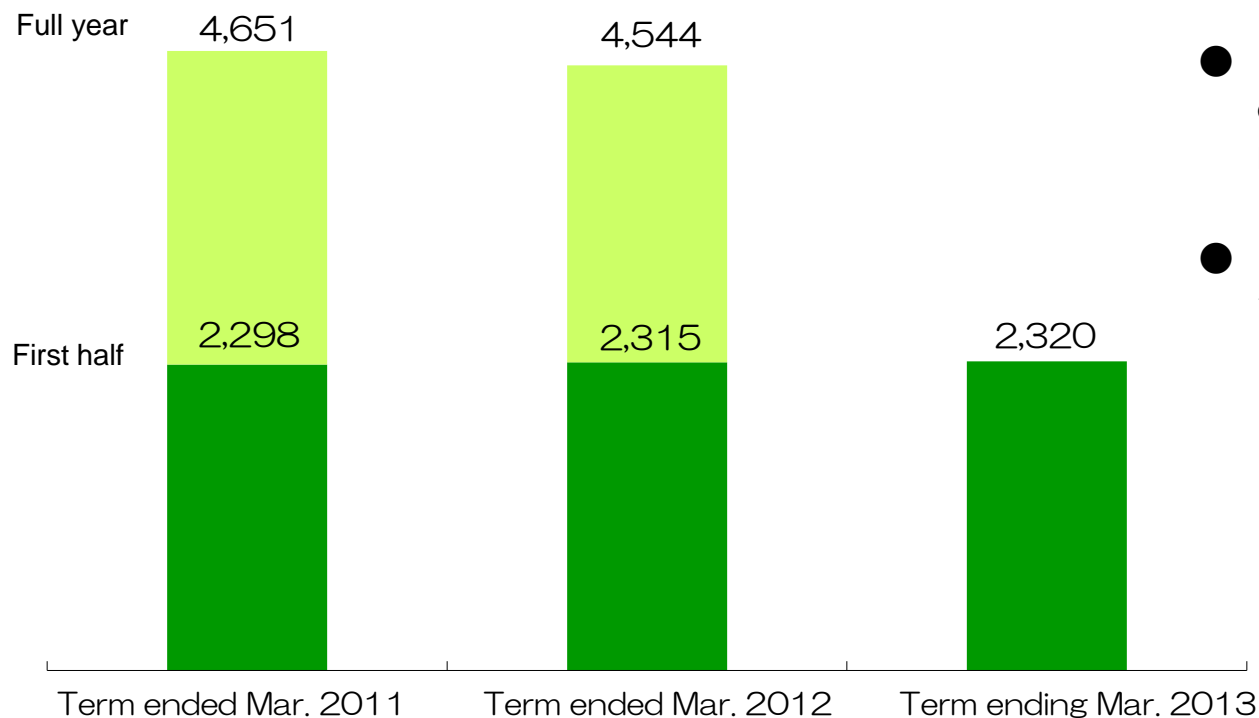


- 1.9% increase from the corresponding term in the previous year
- The sales of Tosoh corporation's reagents were healthy.
 - AIA-related reagents
 - HLC723 reagents
- The sales of LZ reagents were healthy.
 - PG
 - MMP-3

Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar.2013
	First half	Full year	First half	Full year	First half
	2,298	4,651	2,315	4,544	2,320

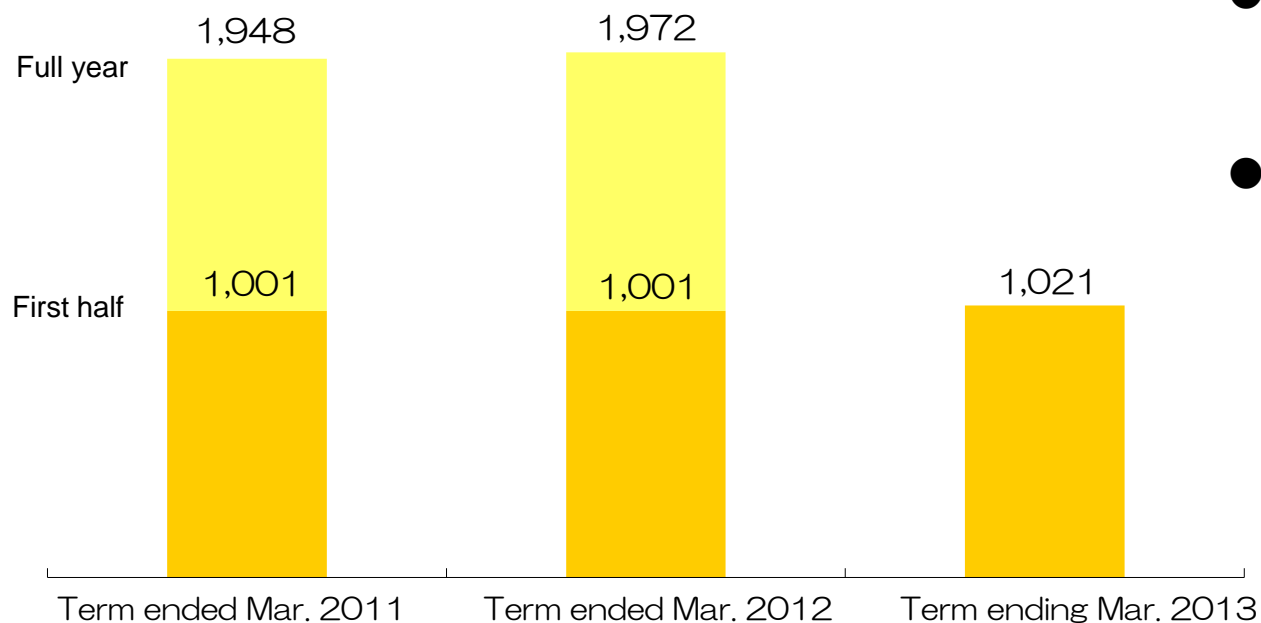


- 0.2% increase from the corresponding term in the previous year
- Reagents for drug sensitivity testing
 - Increase in sales of Dry Plate.
 - Decrease in sales of Frozen Plate .

Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar.2013
	First half	Full year	First half	Full year	First half
	1,001	1,948	1,001	1,972	1,021

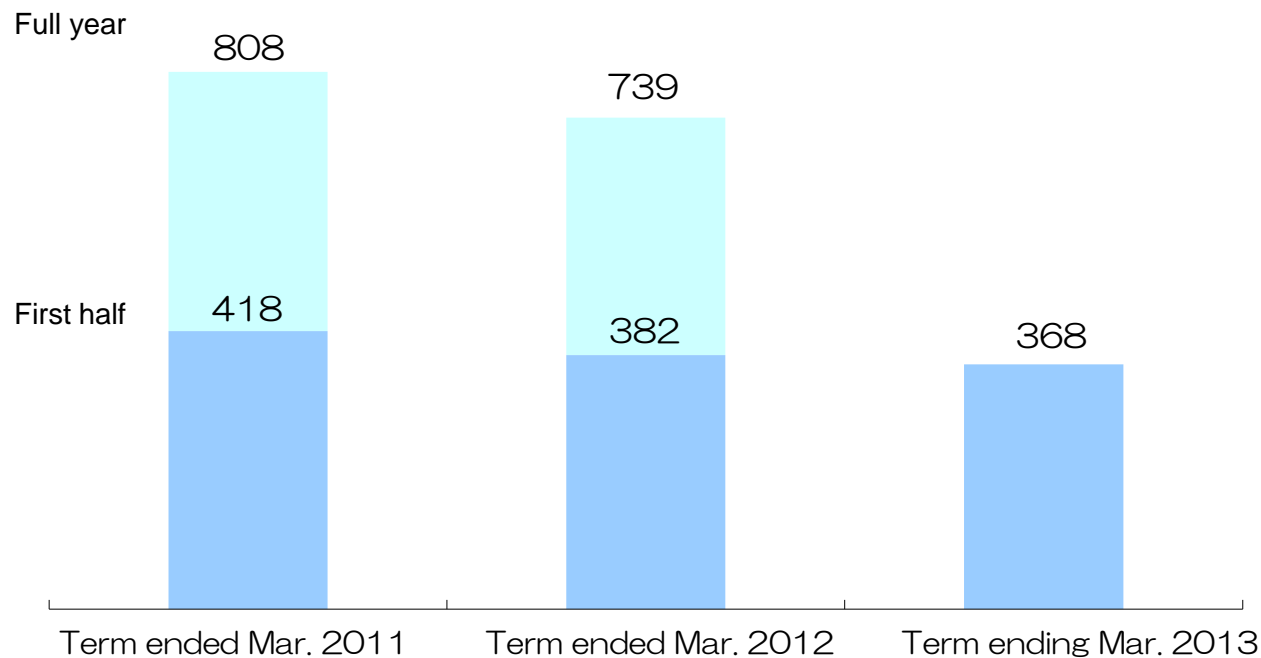


- 2.1% increase from the corresponding term in the previous year
- The sales of urinalysis test strip "Uropaper α III" for the automatic urine analyzer were healthy.

Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar.2013
	First half	Full year	First half	Full year	First half
	418	808	382	739	368



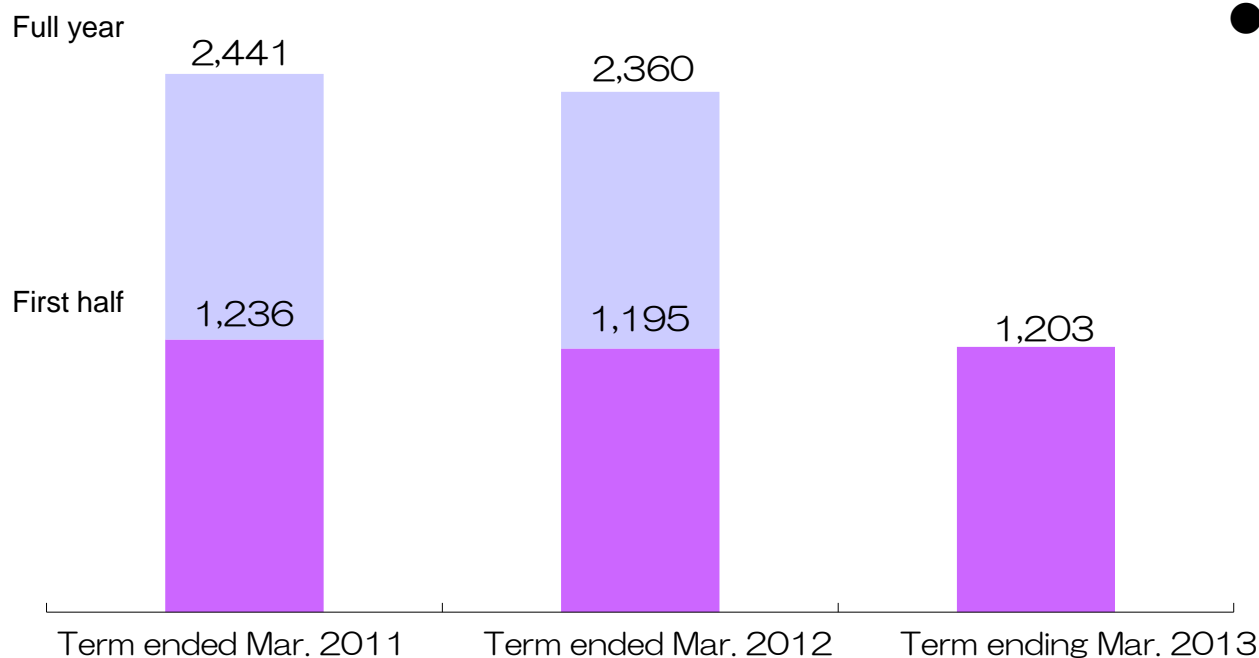
- 3.5% decrease from the corresponding term in the previous year

- Decline in market prices

Consolidated sales for product category

(Millions of yen)

Culture media for equipment, food and environment category	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar. 2013
	First half	Full year	First half	Full year	First half
	1,236	2,441	1,195	2,360	1,203

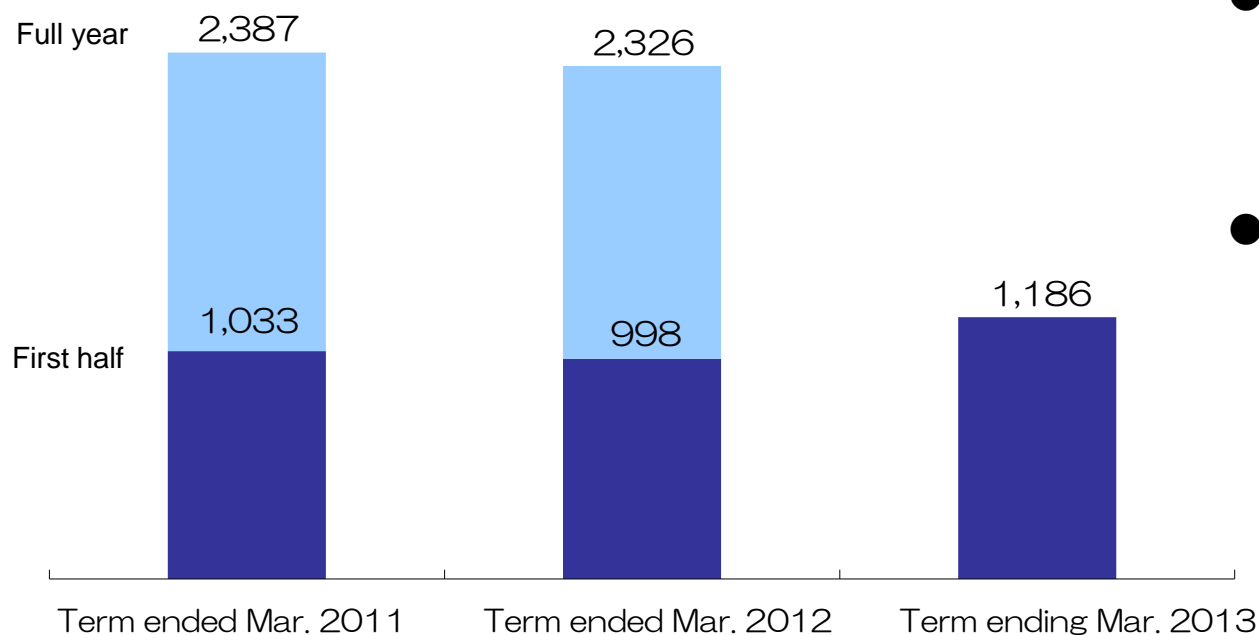


● 0.7% increase from the corresponding term in the previous year

Consolidated sales for product category

(Millions of yen)

Medical devices	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar. 2013
	First half	Full year	First half	Full year	First half
	1,033	2,387	998	2,326	1,186

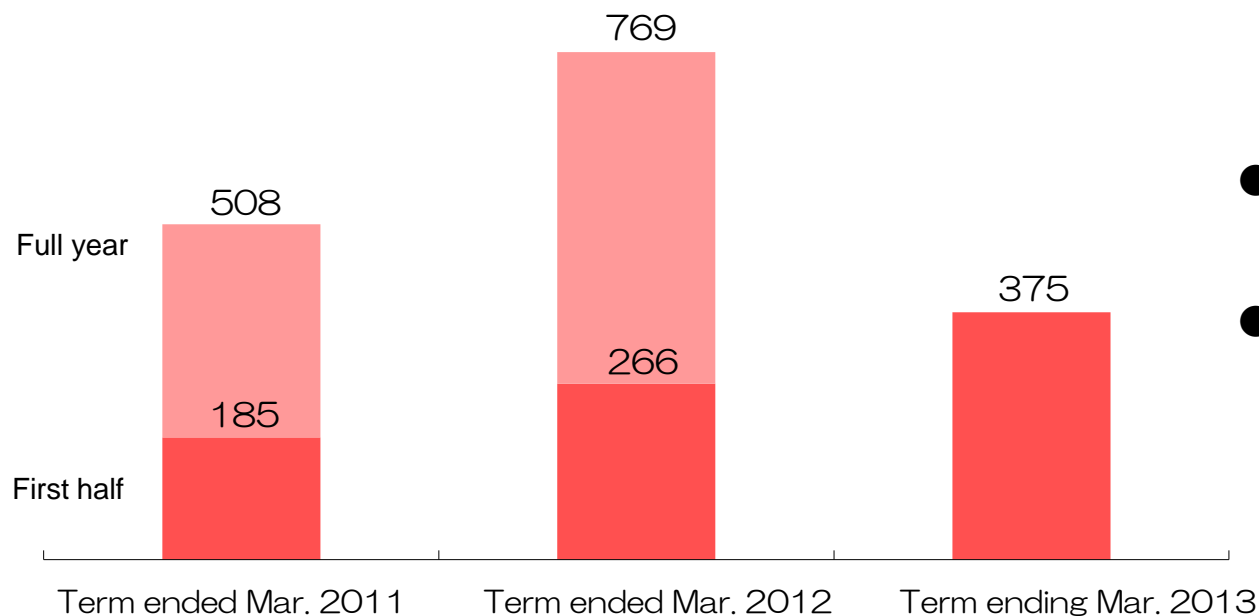


- 18.9% increase from the corresponding term in the previous year
- Increase in devices of LAMP and susceptibility testing

Consolidated sales for product category

(Millions of yen)

Molecular genetics (include devices)	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar.2013
	First half	Full year	First half	Full year	First half
	185	508	266	769	375



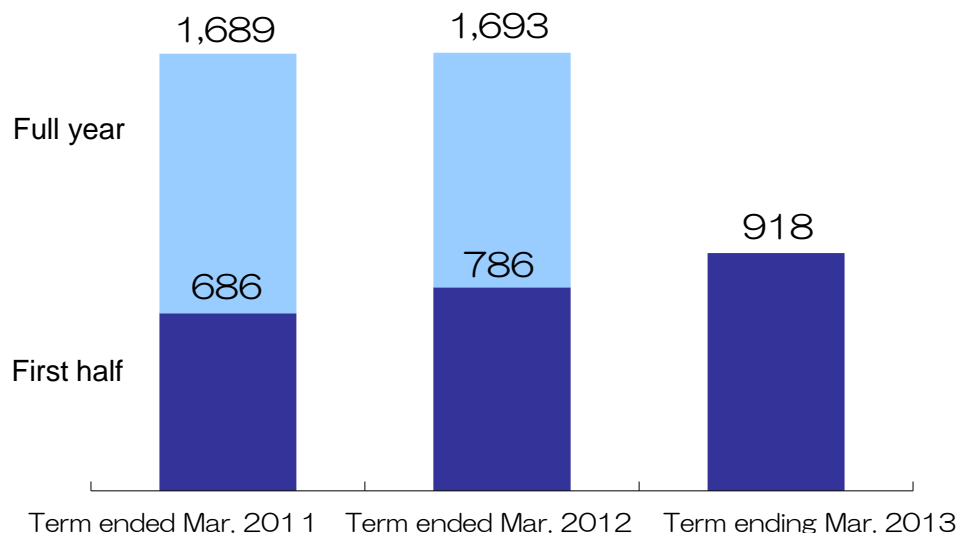
- 40.5% increase from the corresponding term in the previous year
- Increase in products of respiratory tract infection
- Increase in patent rights income of LAMP method

(Millions of yen)

Overseas sales	Term ended Mar. 2011		Term ended Mar. 2012		Term ending Mar.2013
	First half	Full year	First half	Full year	First half
	686	1,689	786	1,693	918

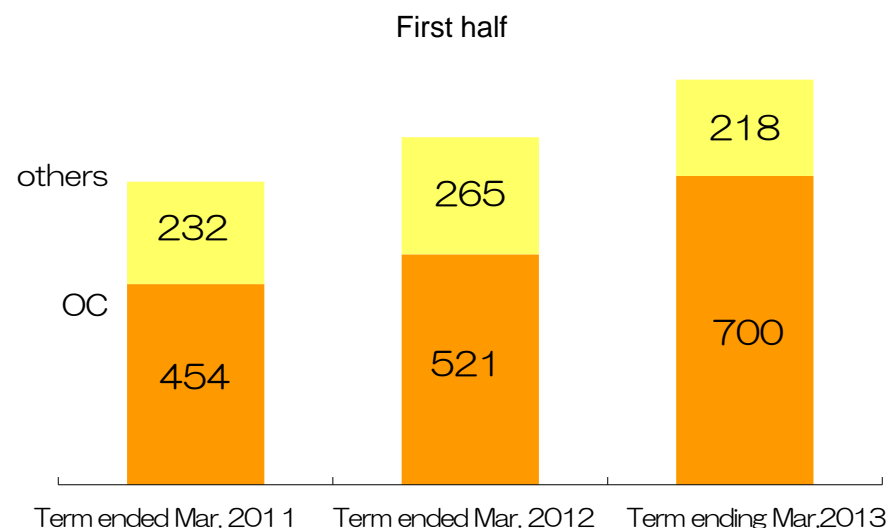
Sales

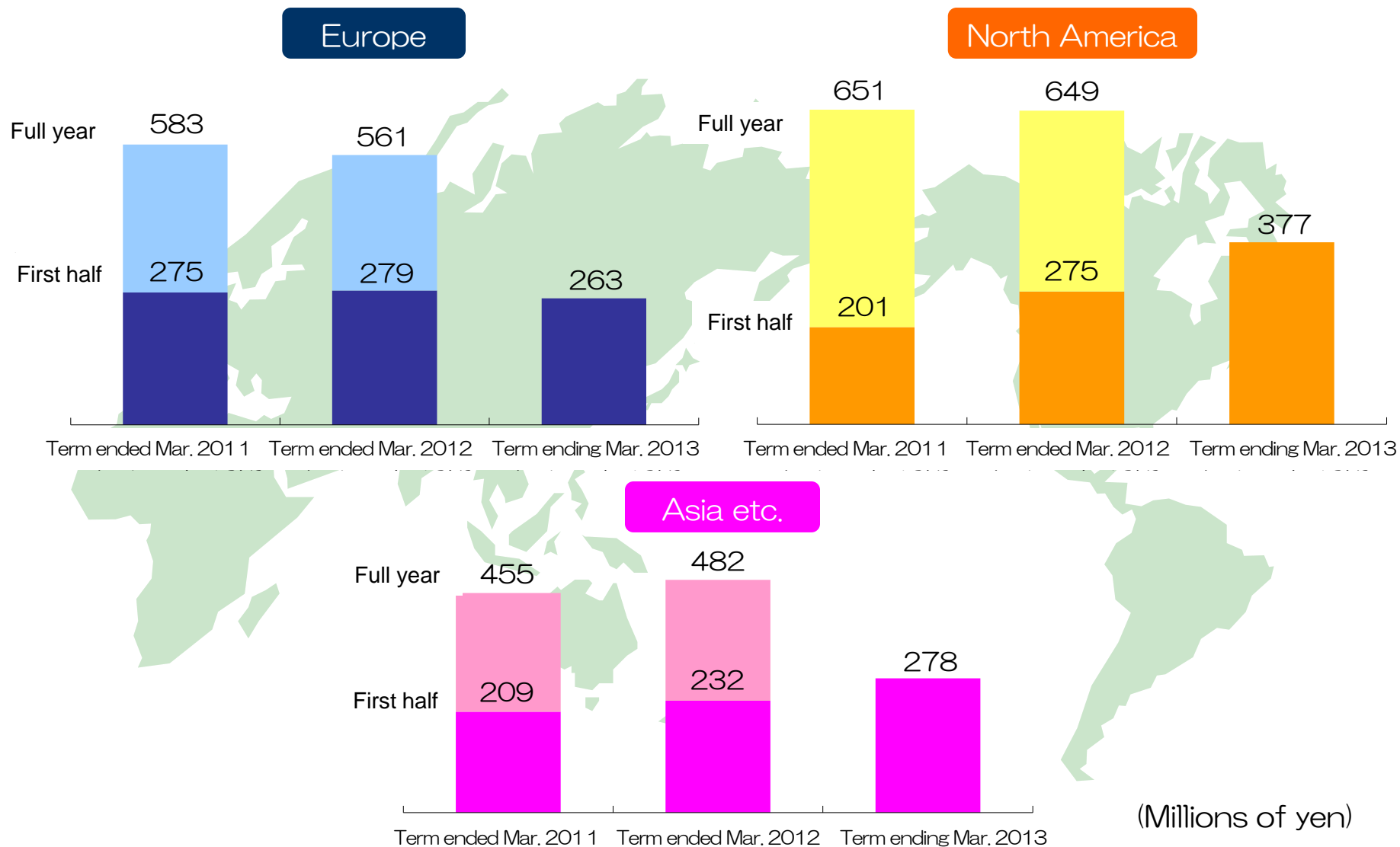
- 16.8% increase from the corresponding term in the previous year

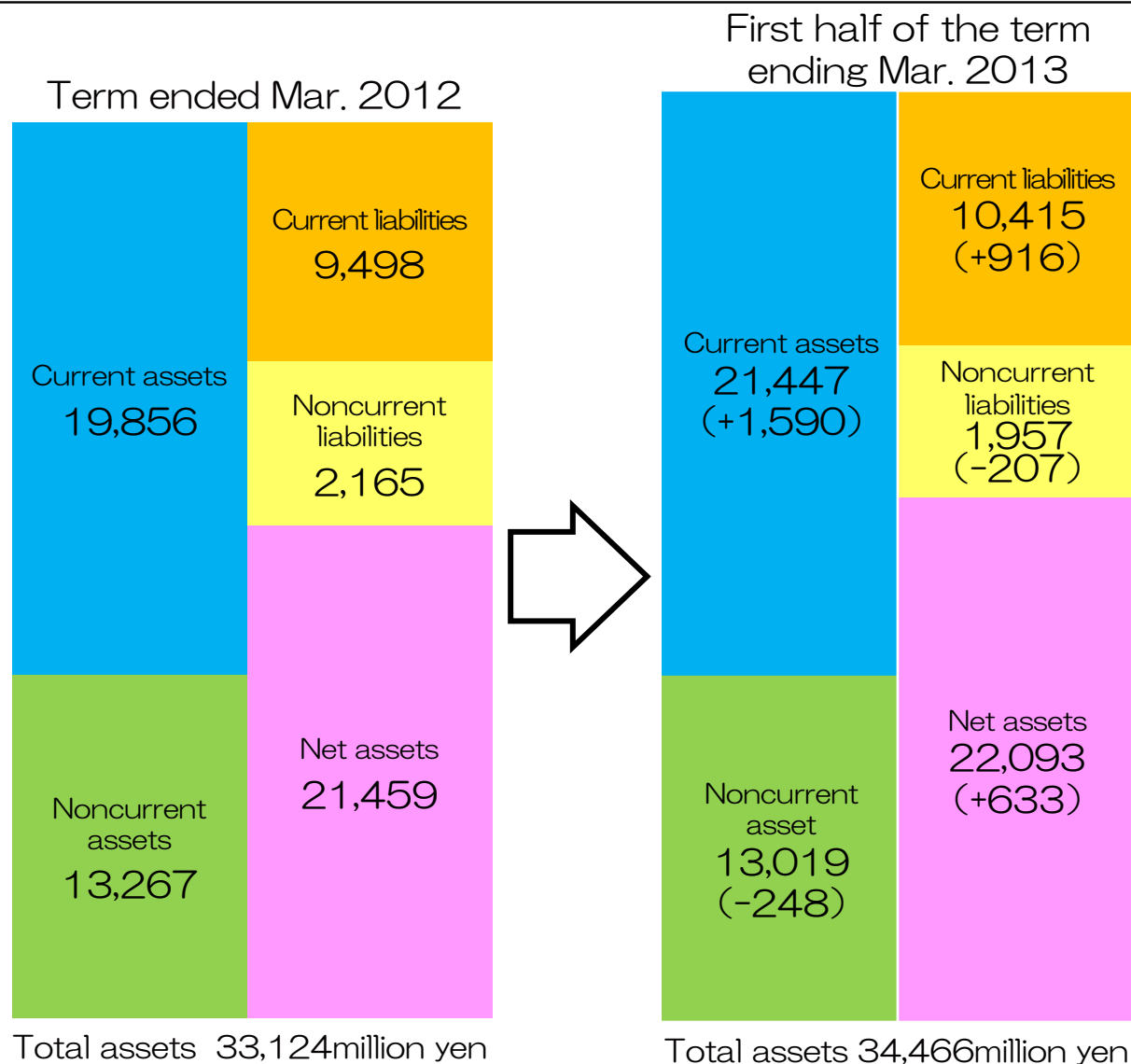


Sales for product category

- Increase in sales of OC reagents







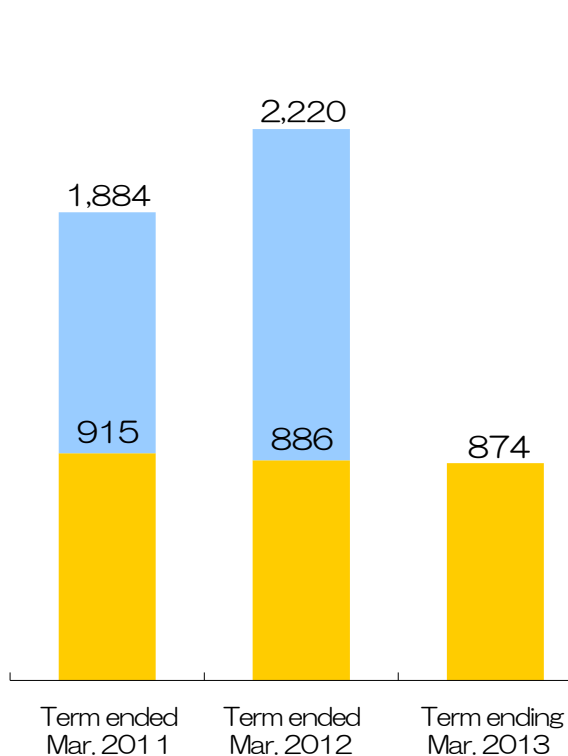
Main reasons of increase/decrease

Current assets	
Cash and deposits	(18)
Notes and account receivable	887
Noncurrent assets	
Total noncurrent assets	(86)
Current liabilities	
Income taxes payable	(159)
Others	(115)
Noncurrent liabilities	
Long-term loans payable	(236)
Total net assets	
Retained earnings	664

First half
 Full year

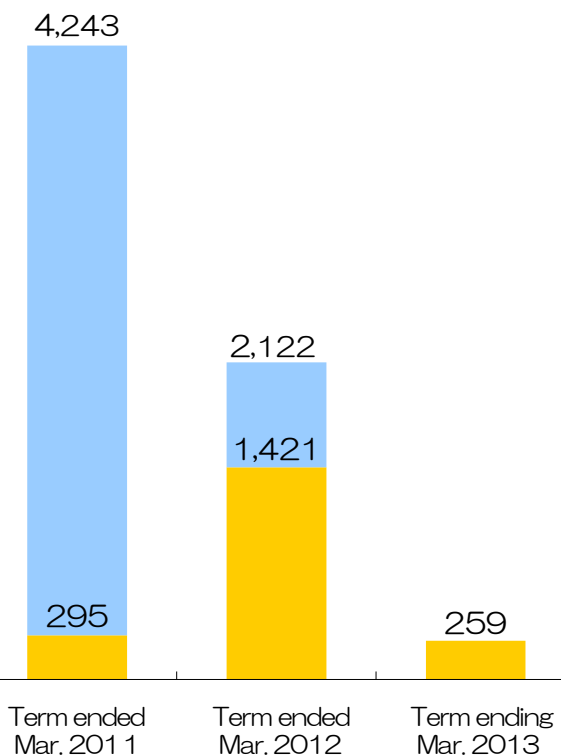
R&D cost

(Millions of yen)



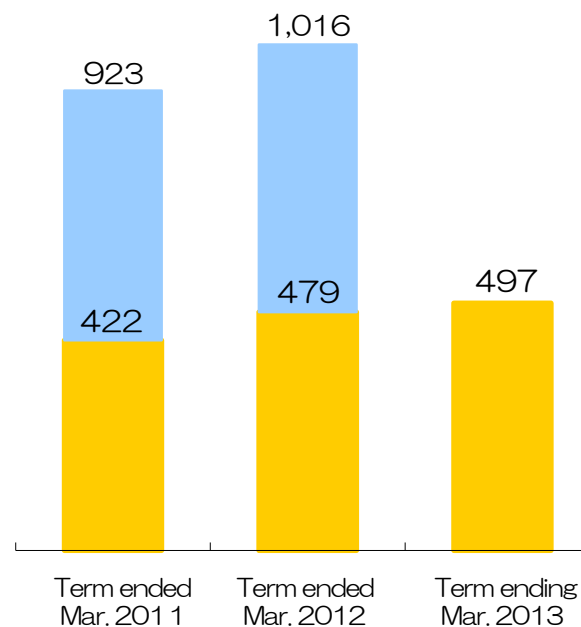
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



Primary strategies for the first
second quarter ending
Mar. 2013

Promotion of the sale measure

Japan

- Strengthening of sales promotion system for our major products (OC, LZ, LAMP, AIA etc.)
 - ▽ Promotion of ABC Examination mainly at checkup centers and facilities.
 - ▽ Sales promotion of LAMP reagent for respiratory infectious disease. (tuberculosis, mycoplasma, legionella)
 - ▽ Enrich the lineup of “LZ reagent” for rheumatoid arthritis. (MMP-3, RF)
- Response to the damage of our subcontractor manufacturing a part of our sampling bottle to detect fecal occult blood sustained damage from the flooding in Thailand (Return to normality from June, 2012)
- Promotion of method for rapid screening specific microorganisms in cosmetic products with the LAMP method.
 - ▽ Specific microorganisms detection kit (Launching in July, 2012)
- Promotion of BLEIA*-1200 and BL-NV (Launching in August, 2012)

*BLEIA= Bioluminescent Enzyme Immunoassay



U.S.

- Expand OC reagents and medical devices
- LAMP: Entry to the food product inspection field
 - ▽ Causative microorganism food poisoning (AOAC* certificate)

*AOAC : Association of Analytical Communities

Europe

- OC: Expansion of the screening market
 - ▽ Adoption of OC in new market. (Hungary , Republic of Malta)
 - ▽ Correspond to adoption of OC. (France, The Netherlands, Norway)
- Uropaper: Expansion of the market
 - ▽ Prepare to sale in Europe



Asia, etc

- Expand OC reagents and medical devices
 - ▽ Keep action for acceptance of national screening of colon cancer.
(Australia, New Zealand., Singapore)
 - ▽ Keep action for acceptance of screening of colon cancer. (China)
 - ▽ Processed of national screening of colon cancer.
(Taiwan, S.Korea)

EIKEN China

- Formal operation of processed-goods production
- Establishment of production and sales system of LAMP reagent



R&D and new products

(1) Improvement of products by existing technologies

- Uropaper α III

 Addition new measurements item (Creatinine , Micro albumin)

 — Launching in July, 2012

(2) Enrich the lineup of LAMP products

【Clinical diagnostics】

- Detection kit for Flu (A, H5, H1pdm2009)

 — Insurance application : April, 2012

- Specific microorganisms detection kit

 — Launching in July, 2012

(3) Promotion of development of new immunological reagents using BLEIA

- BLEIA-1200, BL-NV

 — Launching in August, 2012

(4) FIND (Foundation for Innovative New Diagnostics) business

【 Tuberculosis test 】

- Conduct of the verification study in Peru, Brazil, Vietnam, India
- Recommendation by WHO appeared impossible this year.
- China SFDA application startup

【Malaria】

- Acquisition of CE marking. (Launching in July, 2012)

【HAT (Human African Typanosomiasis) 】

- Clinical Study in Uganda and Congo (FIND)

【Leishmaniasis 】

- Evaluation implementation of a trial product (FIND)



Improvements in productivity and development of human resources

- (1) Reorganization of business offices
 - ▽ Complete the transition of production to Nogi plant from Togane plant.
 - ▽ Start running of the operation management center
- (2) Improvement of sales cost ratio (by reduction of manufacturing costs)
- (3) Reduce of sales administrative expense by raising business efficiency
- (4) Completion of the transfer of manufacture of LAMP products to EIKEN CHINA CO., LTD.
- (5) Formulation and implementation of the key personnel training program
- (6) Support of BRAVE CIRCLE, campaign against colorectal cancer

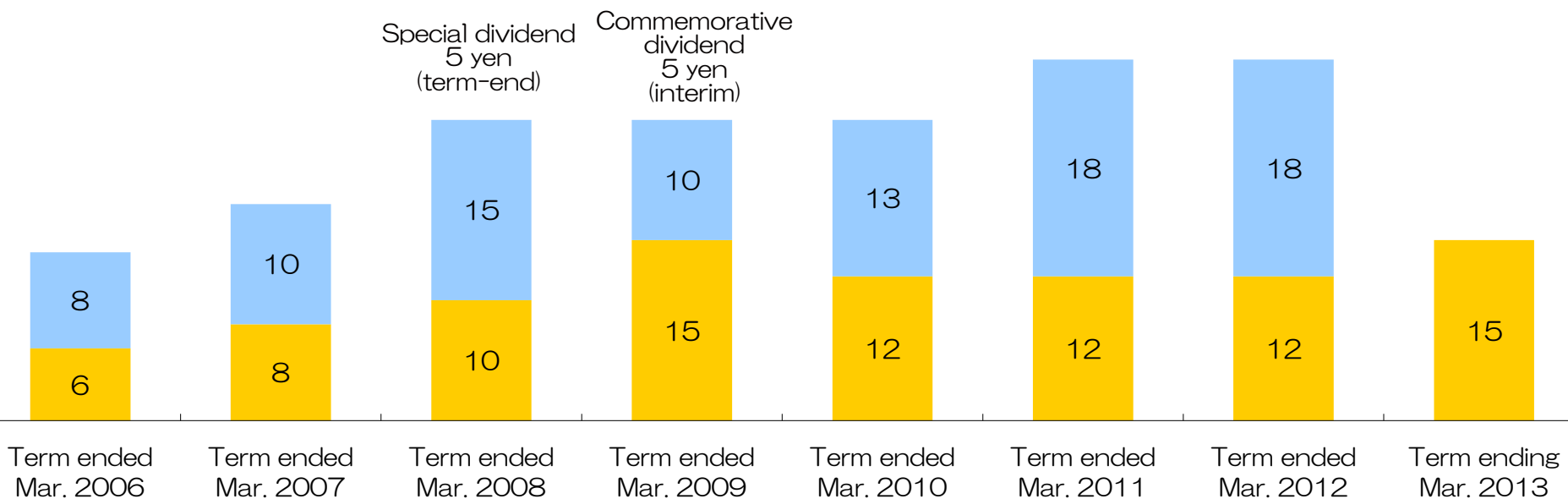


Interim dividend : 15 yen per share

Consolidated total interim dividends : 272 Millions of yen
 Consolidated interim payout ratio: 27.4%

■ Interim dividend
 ■ Term-end dividend

(yen)



Primary strategies and earnings
forecast for the term ending
Mar. 2013

Sales promotion

(1) Domestic market

- Strengthening of sales promotion system for our major products
 - ▽OC Products
 - ▽LZ reagents for ABC examination, MMP-3
 - ▽LAMP reagents for respiratory infectious disease and specific microorganisms.
 - ▽AIA, HbA1c
 - ▽New immunological reagents using BLEIA
- Promotion of adoption of devices of OC, US.



(2) International market

- OC: expansion of the screening market
- Preparation for sales of urine test strips and devices in Europe.
- LAMP: expansion of the market
 - ▽ Establishment of production and sales system in U.S. and China
 - ▽ Cultivation of the markets of the newly-rising nations (India, etc.)
 - ▽ Measures to acquire patent license

China

(1) Expansion of markets of LAMP reagents by EIKEN CHINA CO., LTD.

FIND

(1) Tuberculosis test

- Continue to promote assessments in Peru, Brazil, Vietnam and India toward recommendation by WHO.
- Look into the feasibility of sales in the country unnecessary recommendation by WHO.
- Continue the work of application for SFDA in China.

(2) HAT

Continuation of Clinical Study in Uganda and Congo (FIND)

(3) Leishmaniasis

Continuation of evaluation test of trial reagents (FIND)



Strengthening of research and development

- (1) Promotion of development of
LAMP products, BLEIA products, POCT products
- (2) Improvement of the products by brushing up the existing technology

Improvement in productivity and development of human resource

- (1) Improvement of sales cost ratio
▽Reduction of manufacturing costs, etc.
- (2) Cost reduction by increasing business efficiency
- (3) Formulation and implementation of the key personnel training program

Consolidated earnings forecast for the term ending Mar. 2013 28

Target value (revision)

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	28,500		102.9%	28,470		102.8%
Operating income	2,580	9.1%	109.2%	2,560	9.0%	108.6%
Ordinary income	2,730	9.6%	107.3%	2,720	9.6%	108.5%
Net income	1,700	6.0%	116.4%	1,690	5.9%	118.8%

Overseas sales

(Millions of yen)

	Term ended Mar. 2012 Actual results	Term ending Mar. 2012 Target value	Variation
Sales	1,693	2,030	337
Ratio	6.1%	7.1%	(YOY : 119.9%)

Dividend

(yen)

	Interim dividend	Term-end dividend	Annual
	15	15	30



EIKEN CHEMICAL CO., LTD.

We protect the health of the public through health care services

Notes

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