
The business performance briefing
for the term ended Mar. 2012
(the 74th term)



EIKEN CHEMICAL CO., LTD.

Apr. 27, 2012

Operating Results for the
term ended Mar. 2012
(the 74th term)

Consolidated performance for the term ended Mar. 2012 (the 74th term) 3

(Millions of yen)

	Term ended Mar. 2012			Difference from target value	YoY change
	Target value	Actual results	Ratio		
Net sales	27,610	27,702	100.0%	92	140
Operating income	2,210	2,363	8.5%	153	(346)
Ordinary income	2,280	2,543	9.2%	263	(232)
Net income	1,080	1,460	5.3%	380	(212)

● Although sales of our entire products decreased due to a backlash from movements to secure inventory and temporary increase in demand for our product following the Great Eastern Japan Earthquake in first quarter, they regained in second quarter.

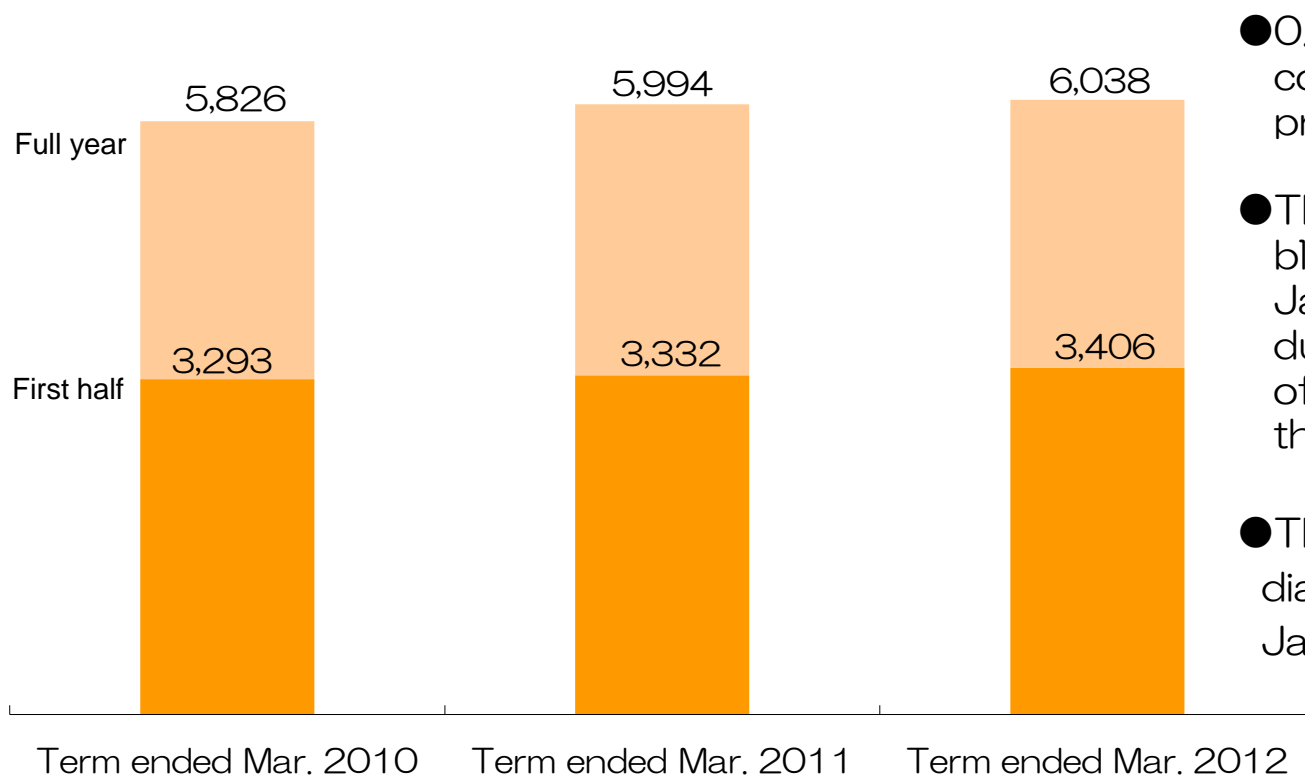
● We encountered a disruption of a stable supply of our products when our subcontractor manufacturing a part of our sampling bottle to detect fecal occult blood sustained damage from the flooding in Thailand in October 2011; however, we focused on raising the supply level back to normal by transferring manufacturing operation to Japan and increasing production.

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 0.1 points as compared with last year. As for selling, general and administrative expenses, we strived for efficient use of overall expenses; however, research and development expenses increased due to a development of new immunological reagents and devices using bioluminescent technique, and the selling, general and administrative expenses for this fiscal year increased by 5.2% year-on-year.

We have posted extraordinary income of 117 million yen from the gain made on sale of Oji Office and extraordinary loss of 251 million yen with impairment loss of fixed assets accompanying closing of the Togane Plant.

(Millions of yen)

Fecal occult blood diagnostic reagents (OC)	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	3,293	5,826	3,332	5,994	3,406	6,038

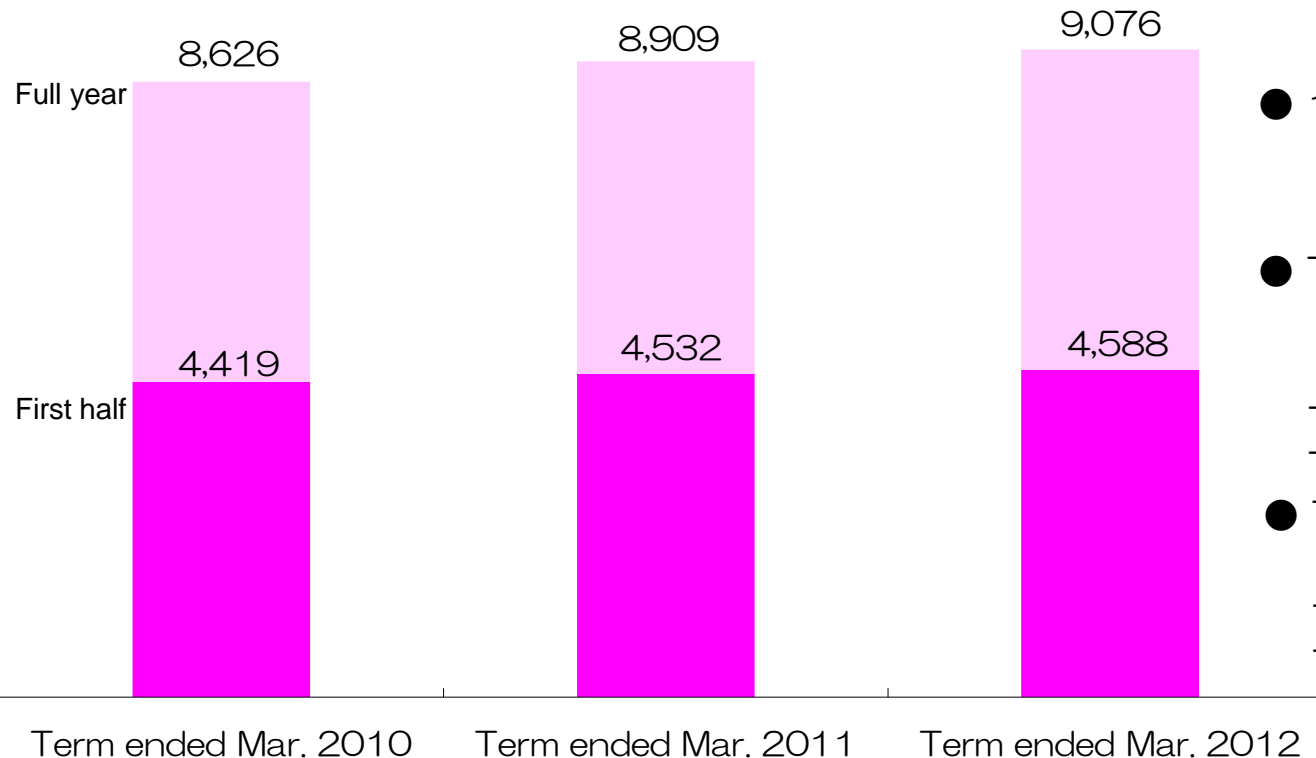


- 0.7% increase from the corresponding term in the previous year
- The sales of fecal occult blood diagnostic reagents in Japan were small decrease due to a disruption of a supply of sampling bottles caused by the flooding in Thailand
- The sales of fecal occult blood diagnostic reagents outside Japan were healthy.

Consolidated sales for product category

(Millions of yen)

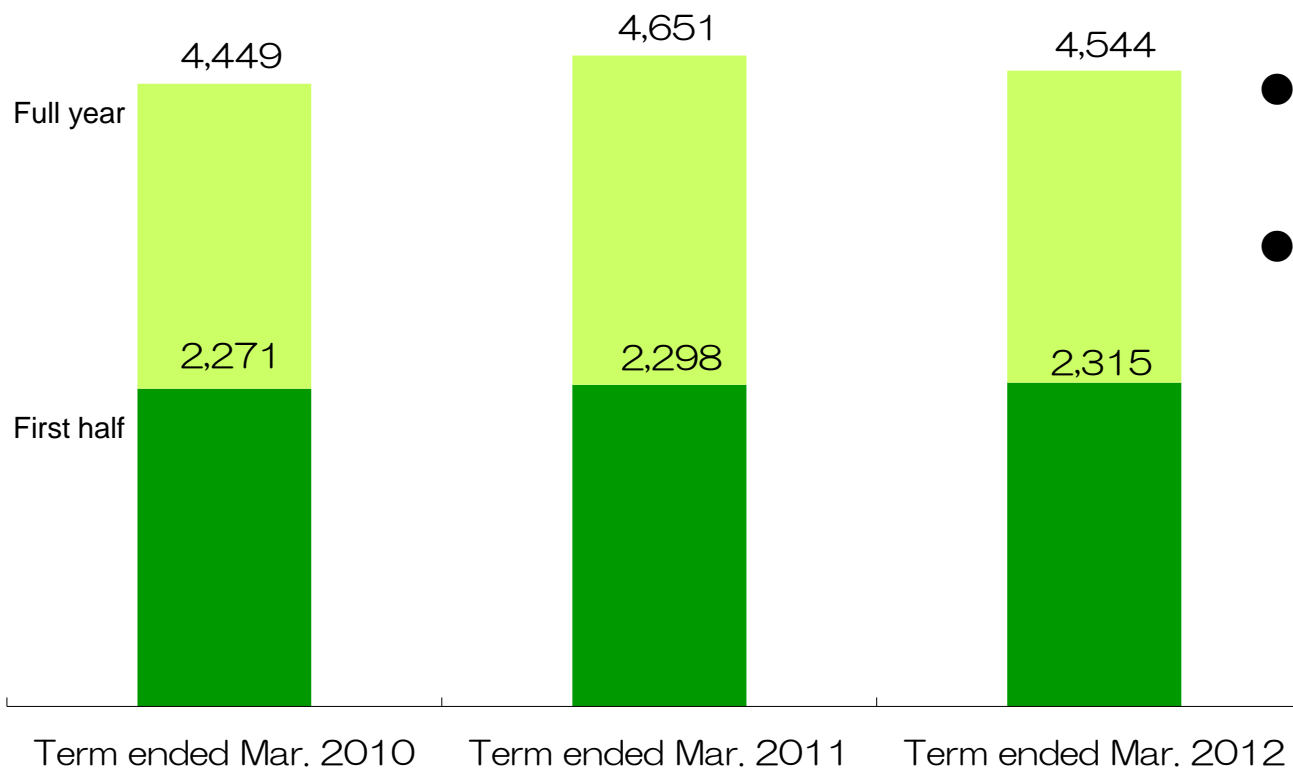
Immunological and serological reagents	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	4,419	8,626	4,532	8,909	4,588	9,076



- 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

(Millions of yen)

Microbiological reagents	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	2,271	4,449	2,298	4,651	2,315	4,544

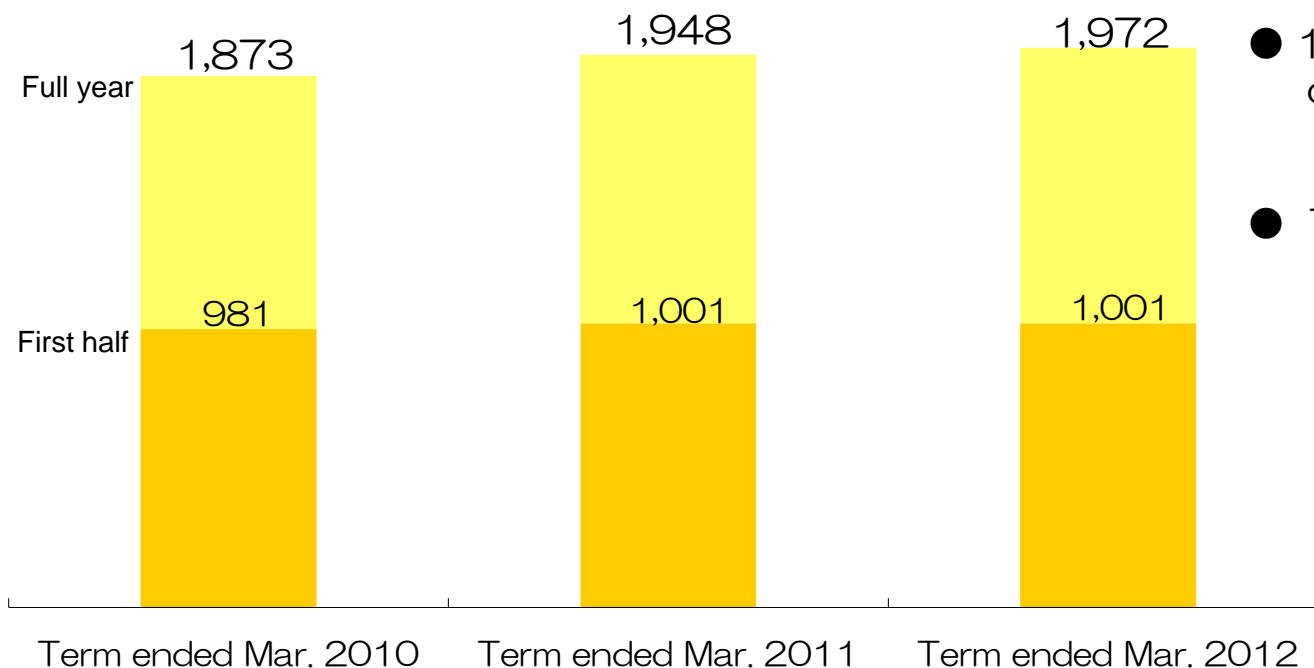


- 2.3% decrease from the corresponding term in the previous year
- Backlash from movements to secure inventory and temporary increase in demand for our products as alternative for other companies' products following the Great Eastern Japan Earthquake

Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	981	1,873	1,001	1,948	1,001	1,972

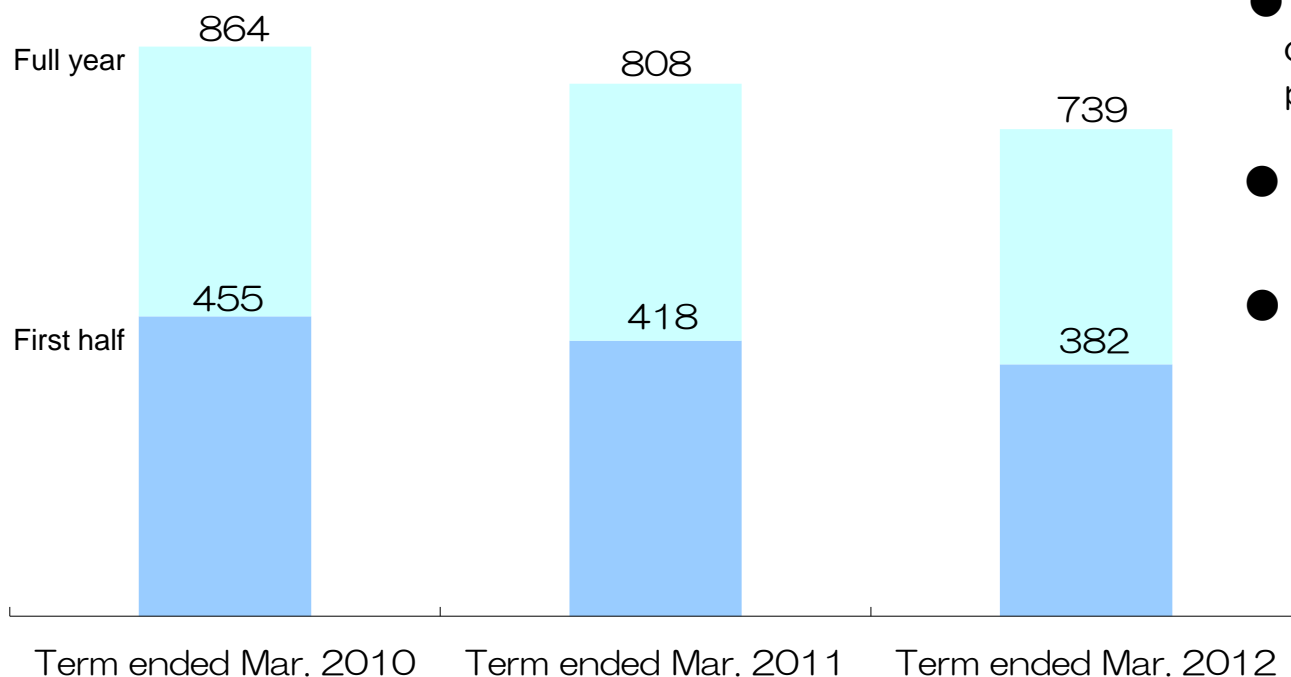


- 1.2% increase from the corresponding term in the previous year
- The sales of urinalysis test strip "Uropaper α " for the automatic urine analyzer were healthy.

Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	455	864	418	808	382	739

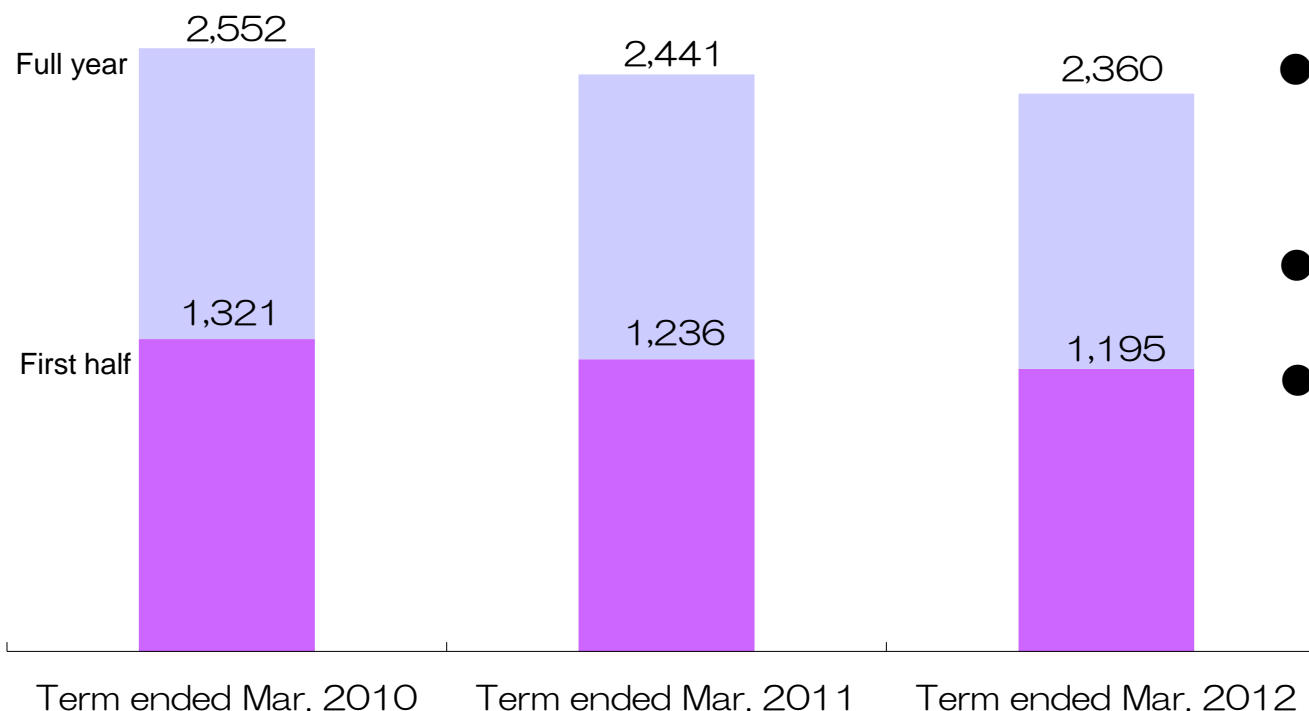


- 8.5% decrease from the corresponding term in the previous year
- Decline in market prices
- Decrease in the use of reagents per test due to the advancement of analyzers

Consolidated sales for product category

(Millions of yen)

Culture media for equipment, food and environment category	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	1,321	2,552	1,236	2,441	1,195	2,360

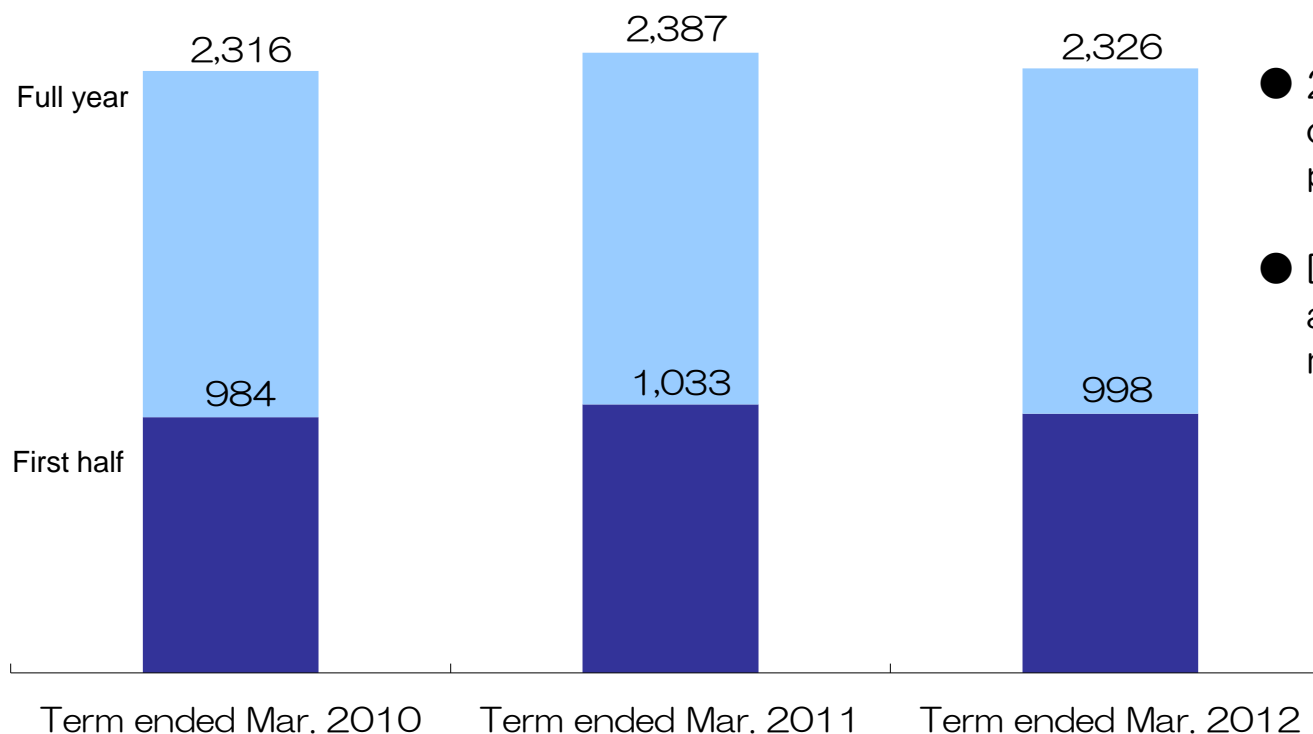


- 3.3% decrease from the corresponding term in the previous year
- Decline in market prices
- Delay in reopening of food companies following the Great Eastern Japan Earthquake

Consolidated sales for product category

(Millions of yen)

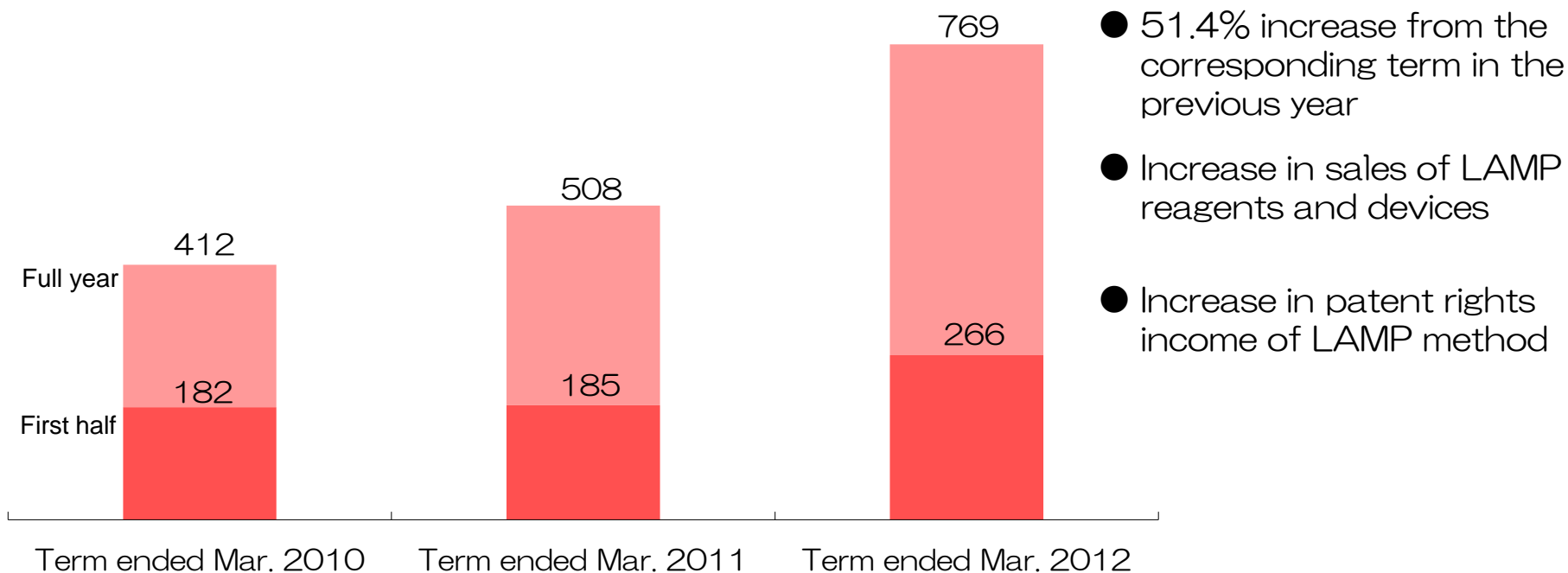
Medical devices	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	984	2,316	1,033	2,387	998	2,326



- 2.6% decrease from the corresponding term in the previous year
- Decrease in overseas sales and lease payment of medical devices

(Millions of yen)

Molecular genetics (include devices)	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	182	412	185	508	266	769

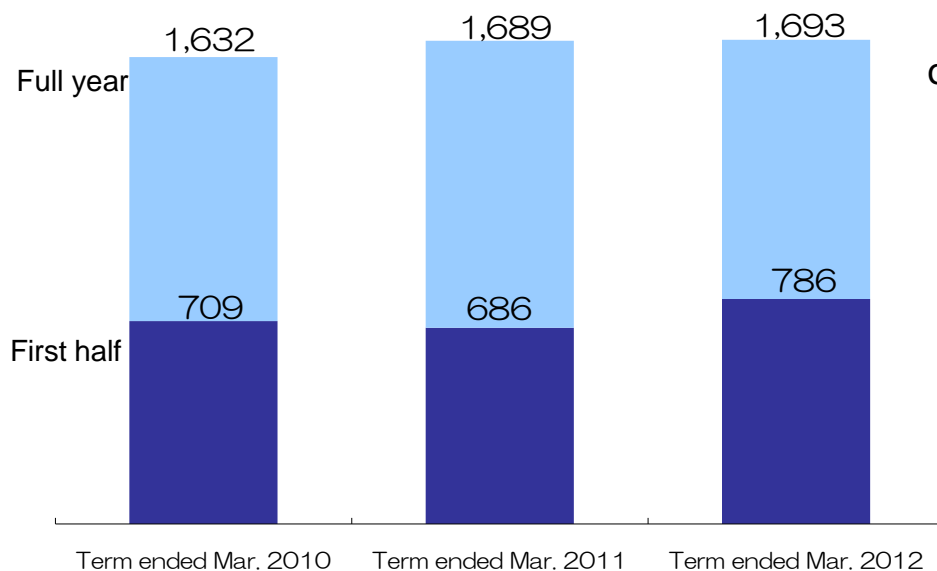


(Millions of yen)

Overseas sales	Term ended Mar. 2010		Term ended Mar. 2011		Term ended Mar. 2012	
	First half	Full year	First half	Full year	First half	Full year
	709	1,632	686	1,689	786	1,693

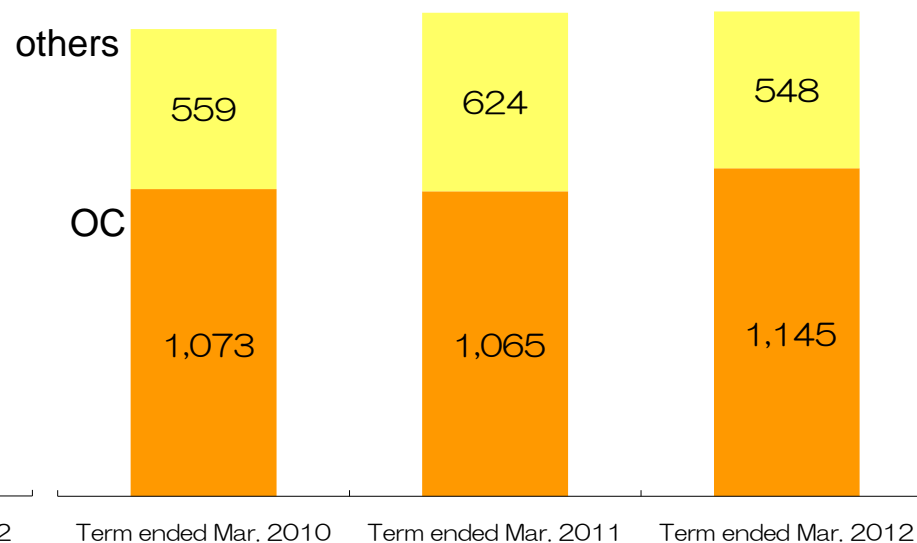
Sales

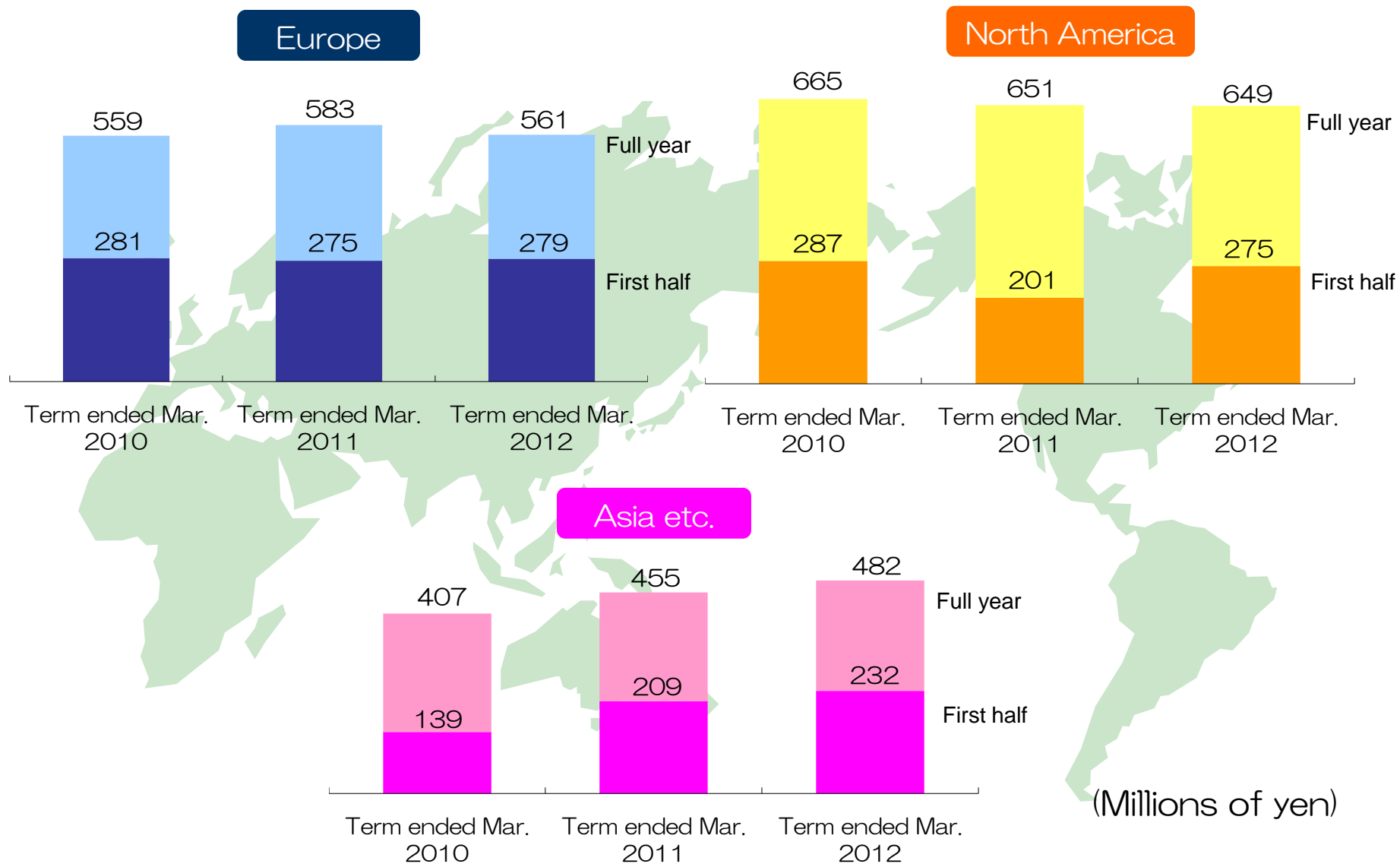
- 0.2% increase from the corresponding term in the previous year



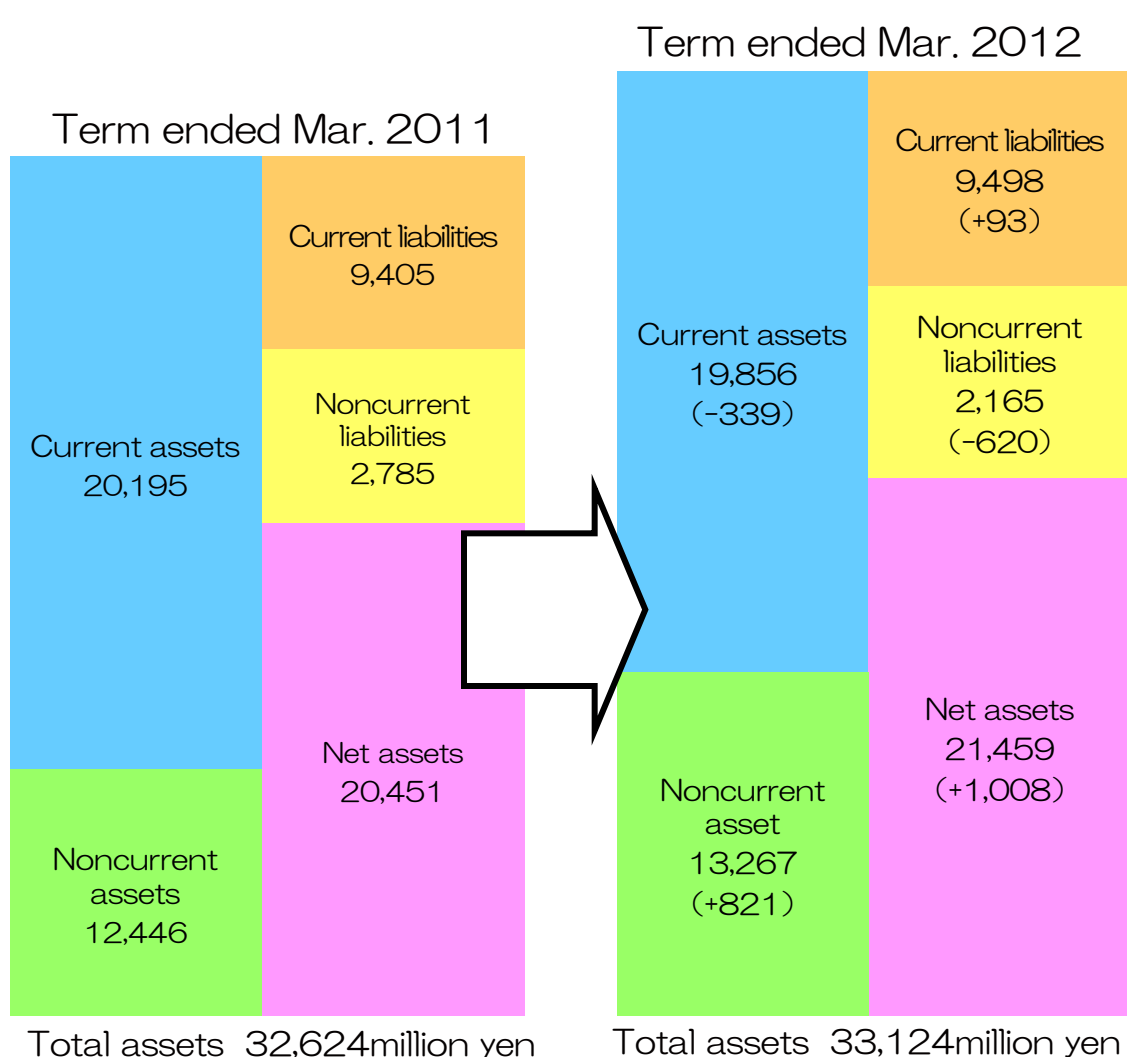
Sales for product category

- Increase in sales of OC reagents
- Decrease in sales of medical devices





(Millions of yen)



Main reasons of increase/decrease

Current assets	
Cash and deposits	(750)
Notes and account receivable	532
Inventories	144
Other-CA	(306)
Noncurrent assets	
Buildings and structures	1,023
Prepaid pension cost	(223)
Current liabilities	
Notes and accounts payable-trade	(110)
Income taxes payable	228
Noncurrent liabilities	
Long-term loans payable	(472)
Deferred tax liabilities	(208)
Total net assets	
Net income	1,460
Dividends paid	(544)

(Millions of yen)

	Term ended Mar. 2011	Term ended Mar. 2012
Cash and cash equivalents at beginning of the period	7,037	6,045
Net cash provided by (used in) operating activities	2,212	1,713
Net cash provided by (used in) investing activities	(4,127)	(1,634)
Net cash provided by (used in) financing activities	954	(964)
Effect of exchange rate changes on cash and cash equivalents	(30)	4
Cash and cash equivalents at end of the period	6,045	5,165

Main items in operating cash flows

Income before income taxes and minority interests	2,389
Depreciation and amortization	1,016
Impairment loss	245
Loss on sales and retirement of property, plant and equipment	(110)
Increase in notes and accounts receivable-trade	(531)
Decrease in other current assets	304
Decrease in other current liabilities	(582)
Income taxes paid	(1,039)

Main items in investing cash flows

Purchase of property, plant and equipment	(1,742)
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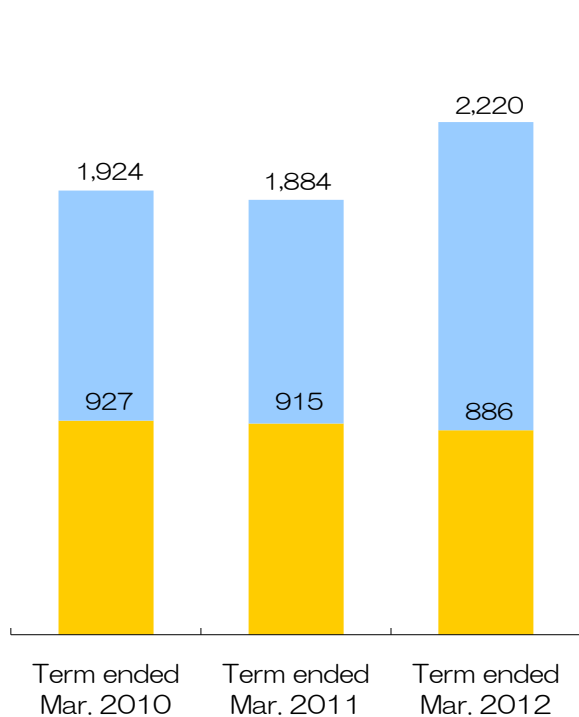
Main items in financing cash flows

Payment of long-term loans	(286)
Cash dividends paid	(544)

First half
 Full year

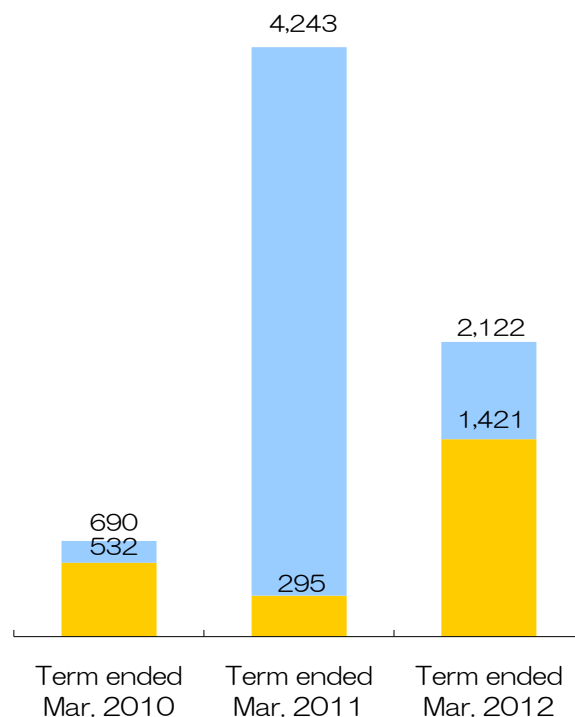
R&D cost

(Millions of yen)



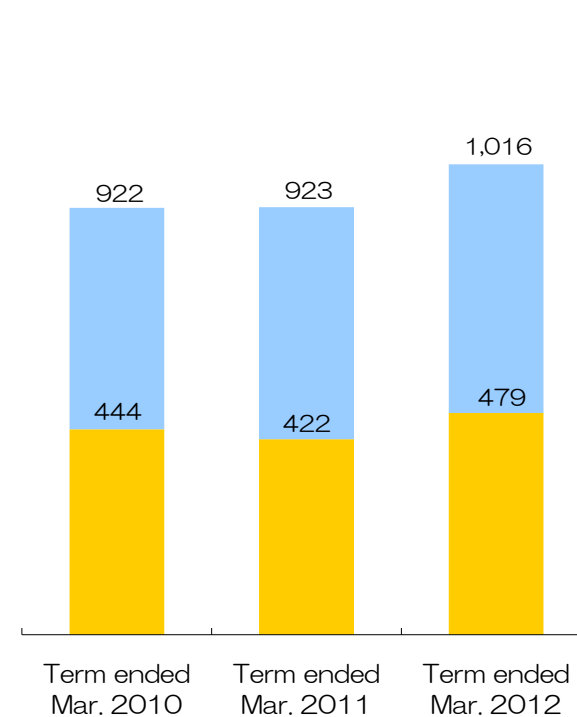
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



Primary strategies for the
term ended Mar. 2012
(the 74th term)

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.
 - ▽Launch and 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
 - Transferred to the domestic manufacturing and increased production
- *ABC Examination: The examination for checking the health of the stomach

Promotion of the sale measure

U.S.

- Expand OC reagents and medical devices
- LAMP: Entry to the food product inspection field
 - ▽ AOAC certificate (during a reexamination and evaluation)

Europe

- Expand OC reagents and medical devices
 - ▽ 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)



Promotion of the sale measure

Asia, etc

- Expand OC reagents and medical devices
 - ▽ Adoption decision of the OC prescreening in New Zealand
 - ▽ Research activity of the OC Screening bid in Australia

China

- Full scale operation of the processing productions
- Establishment of production and sales system of LAMP reagent
 - ▽ EIKEN SHANGHAI CO., LTD.
- The 3rd National LAMP Research Forum
(in Shanghai, 200 people attending)



R&D and new products

(1) Improvement of products by existing technologies

(2) Enrich the lineup of LAMP products

【Clinical diagnostics】

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

【Industry products】

- 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.)

(3) Bioluminescent Enzyme Immunoassay

- Promotion of development of new immunological reagents and equipment



FIND business

(1) Tuberculosis test

【In Japan】 June 1, 2011 Launch of “Loopamp® MTBC Detection Kit”
【Outside Japan】 Demonstration Study started in Peru, Uganda and India

(2) Malaria

- Evaluation Study started

(3) HAT (Human African Trypanosomiasis)

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

(4) Leishmaniasis

- Agreement of collaboration to develop rapid diagnostic test, Dec. 2011

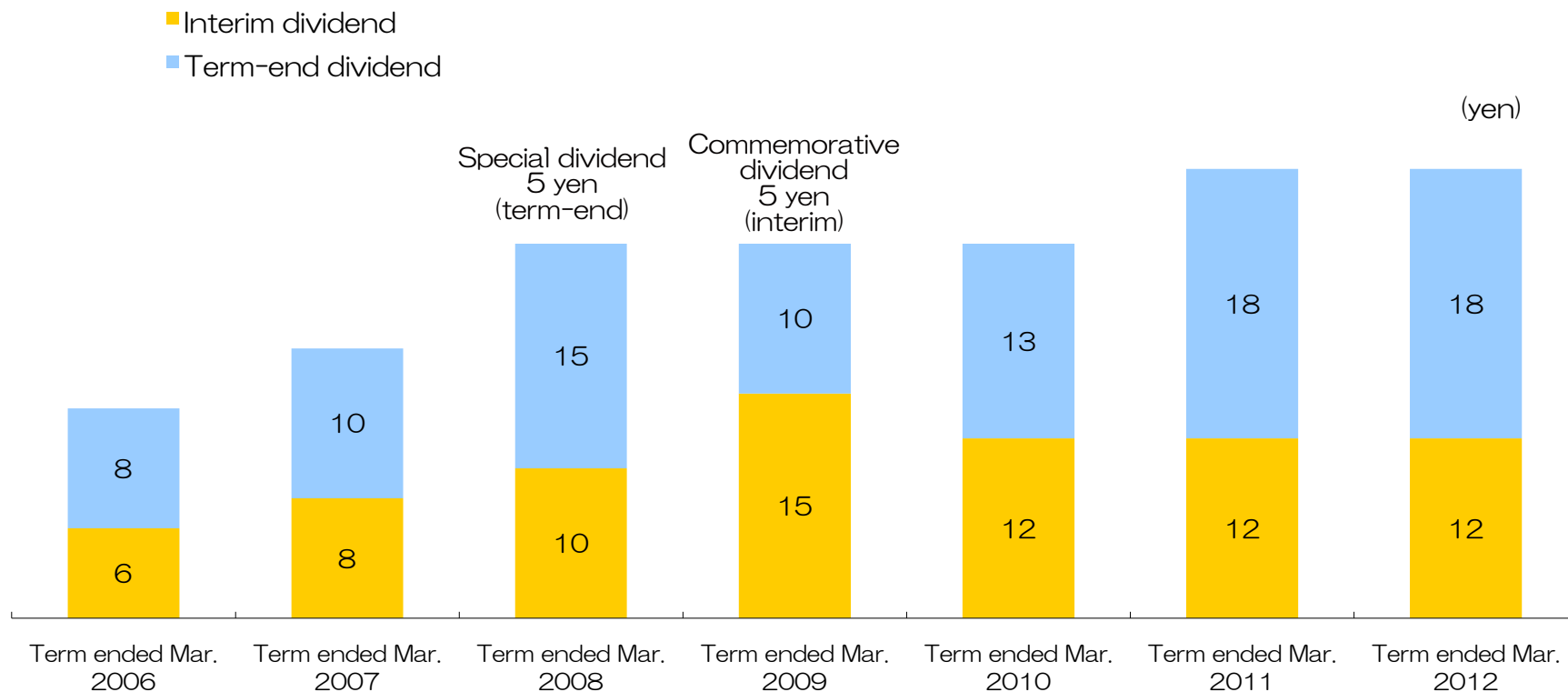
Improvements in productivity and development of human resources

- (1) Reorganization of the production base
 - ▽ Closure of Togane plant and sellout of Oji office
 - ▽ Gradual concentration at the Nogi Plant
 - ▽ Establishment of the operation management center
(buildings for manufacture and clerical work)
- (2) Improvement of sales cost ratio (by reduction of manufacturing costs)
- (3) Reduction of selling, general and administrative expenses by an increase in business efficiency
- (4) Completion of the transfer of manufacture of LAMP products to EIKEN SHANGHAI CO., LTD.
Notice: Company name changed to **EIKEN CHINA CO.. LTD.** (April 1, 2012)
- (5) Formulation and implementation of the key personnel training program
- (6) Support of BRAVE CIRCLE, campaign against colorectal cancer



Term-end dividend: 18 yen per share (Dividend increase +5yen)

Consolidated total dividends (annual) : 544 Millions of yen
 Consolidated payout ratio: 37.3%



Primary strategies and earnings
forecast for the term ending
Mar. 2013 (the 75th term)

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 reagent for respiratory infectious disease.(tuberculosis etc.)
 - ▽AIA, HbA1c
- Promotion of development of new immunological reagents and equipment
 - *BLEIA method
- Promotion of installation of medical devices



(2) International market

- OC: expansion of the screening market
- 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) EIKEN CHINA CO., LTD. start of production of LAMP reagents.

FIND

(1) Tuberculosis test

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) HAT

Continuation of Clinical Study in Uganda and Congo (FIND)

2012 First half

Obtain recommendation from WHO

(3) Malaria

Acquisition of CE marking.

Launch of reagents is scheduled, July 2012

(4) Leishmaniasis

Start to evaluation test of trial reagents (FIND)

Strengthening of research and development

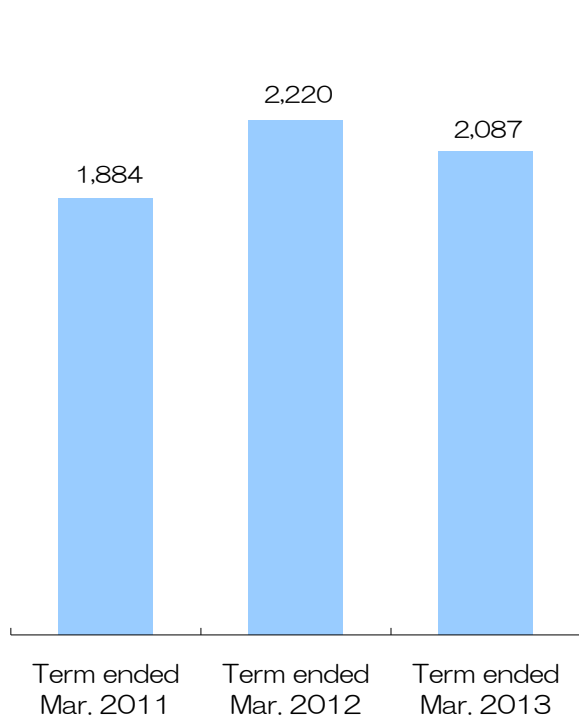
- (1) Promotion of development of
LAMP products, BLEIA products, POCT products
- (2) Improvement of the products by brushing up the existing technology

Improvement in productivity and development of human resources

- (1) Improvement of sales cost ratio
∇Reduction of manufacturing costs, etc.
- (2) Cost reduction by increasing business efficiency
- (3) Reorganization of the production base
∇Togane Plant closure and gradual concentration at the Nogi Plant (Aug. 2012)
- (4) Formulation and implementation of the key personnel training program

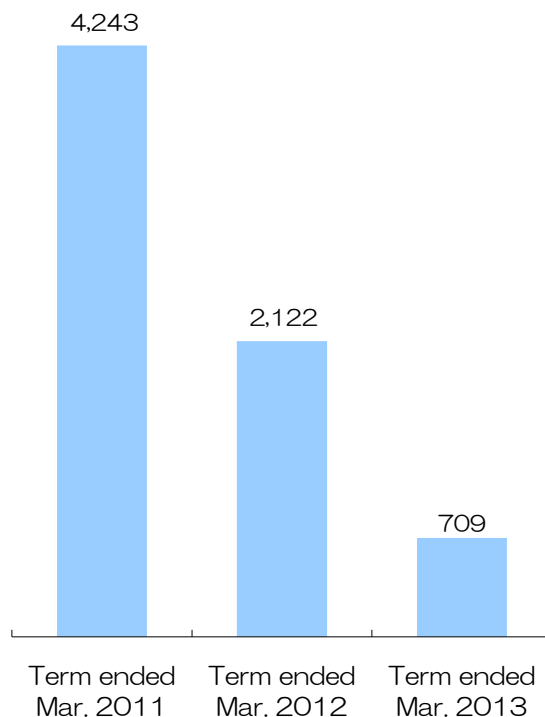
R&D cost

(Millions of yen)



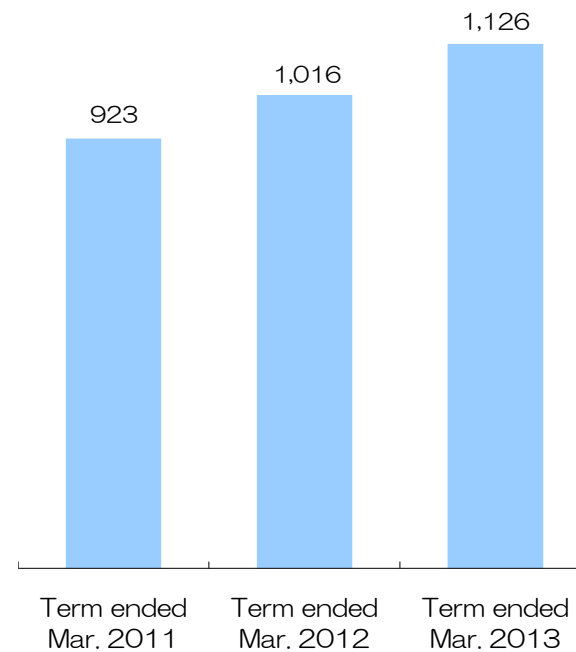
Investment in equipment

(Millions of yen)



Depreciation and amortization

(Millions of yen)



Consolidated earnings forecast for the term ending Mar. 2013 (the 75th term)

30

Target value

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	28,000		101.1%	27,970		101.0%
Operating income	2,460	8.8%	104.1%	2,440	8.7%	103.5%
Ordinary income	2,560	9.1%	100.7%	2,540	9.1%	101.3%
Net income	1,620	5.8%	110.9%	1,600	5.7%	112.5%

Overseas sales

(Millions of yen)

	Term ended Mar. 2011 Actual results	Term ending Mar. 2012 Target value	Variation
Sales	1,693	2,030	+337
Ratio	6.1%	7.3%	(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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