

The business performance briefing
for the first second quarter of
fiscal year ending Mar. 31 2014
(the 76th term)



EIKEN CHEMICAL CO., LTD.

Oct. 24, 2013

Operating results for the first
second quarter of
fiscal year ending Mar. 31 2014
(the 76th term)

Consolidated performance for the first second quarter ending Mar. 31 2014 (the 76th term)

(Millions of yen)

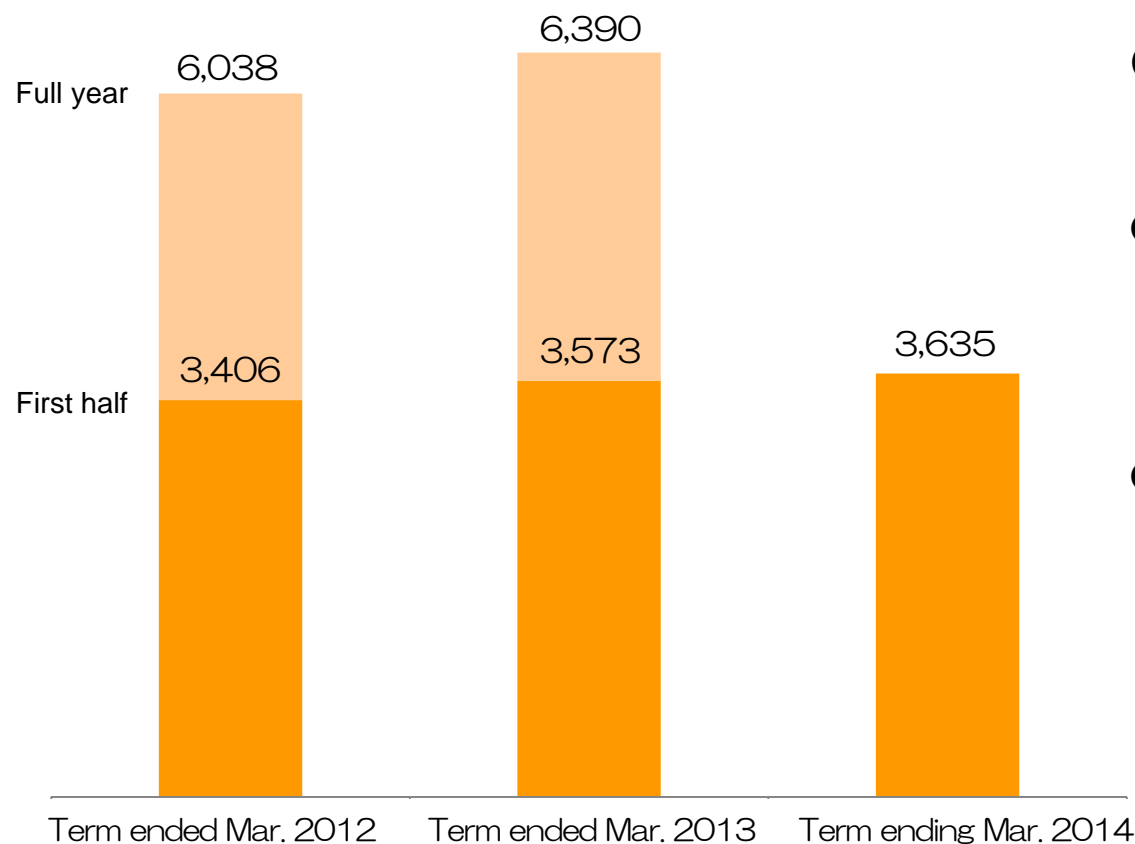
	First second quarter ending Mar. 31 2014				
	Target value	Actual results	Ratio	Difference from target value	YoY change
Net sales	14,970	15,065	100.0%	95	427
Operating income	1,390	1,638	10.9%	248	153
Ordinary income	1,400	1,692	11.2%	292	105
Net income	890	1,085	7.2%	195	91

- Domestic sales were increased as a result of the sales of fecal occult blood test reagents, reagents for a tests to examine the condition of the stomach(ABC classification), POCT and LAMP reagents.
- Overseas sales, in spite of successful in Europe, went down as a result of decrease sales to North America of fecal occult blood test reagents due to the effect of inventory adjustments at distributors.
- The sales of products for respiratory tract infection and the patent fee based on molecular genetics(LAMP) went up.
- Enhanced structure for production and sales of LAMP by EIKEN CHINA CO., LTD.
- Our efforts to reduce the manufacturing cost ratio of our in-house products and to make more efficient use of sales expenses and administrative and general expenses resulted 0.5% decrease of ratio of cost of sales year-on-year basis, and 0.3% decrease of ratio of sales expenses and administrative and general expenses year-on-year basis.

Consolidated sales for product category

(Millions of yen)

Fecal occult blood test reagents (OC)	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	3,406	6,038	3,573	6,390	3,635

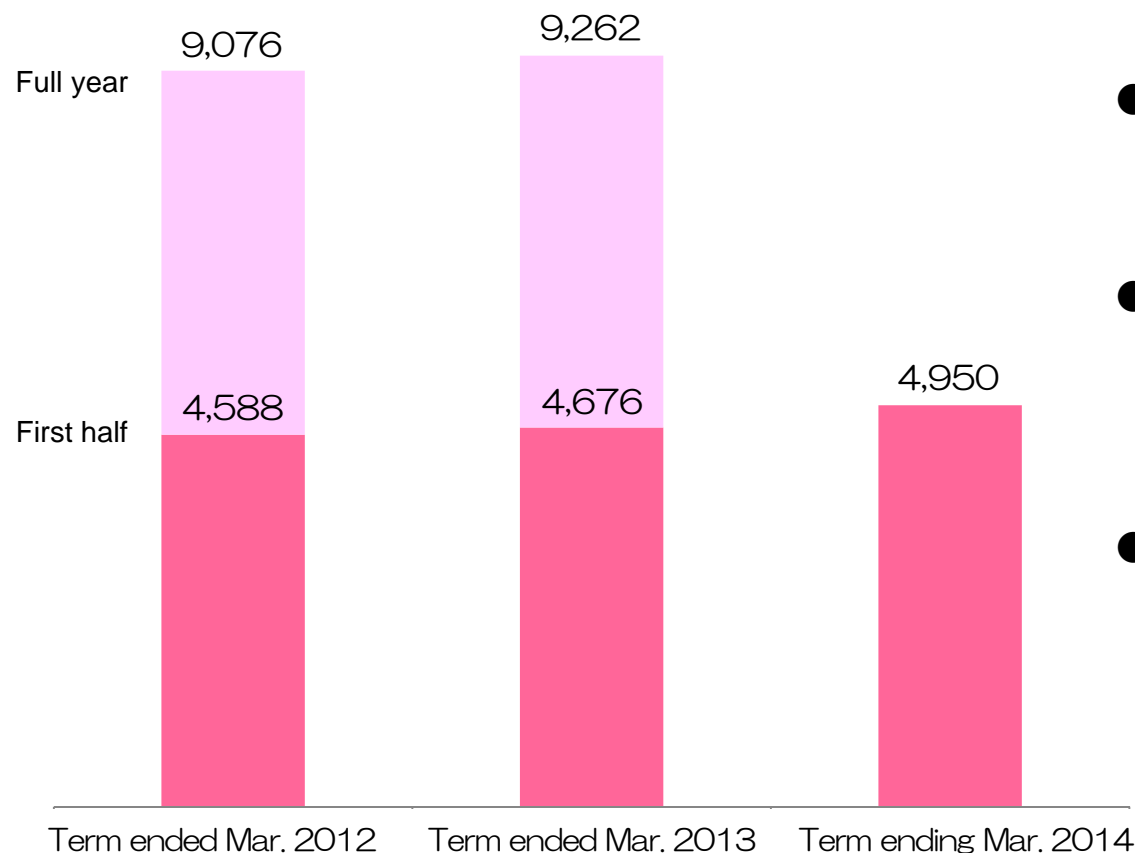


- 1.7% increase from the corresponding term in the previous year
- Domestic sales
 - 5.4% increase from the corresponding term in the previous year
 - Promotion of the sale measure.
- Overseas sales
 - 13.3% decrease from the corresponding term in the previous year
 - The sales in Europe were increase.
 - The sales in North America were decrease due to the effect of inventory adjustments at distributors.

Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	4,588	9,076	4,676	9,262	4,950

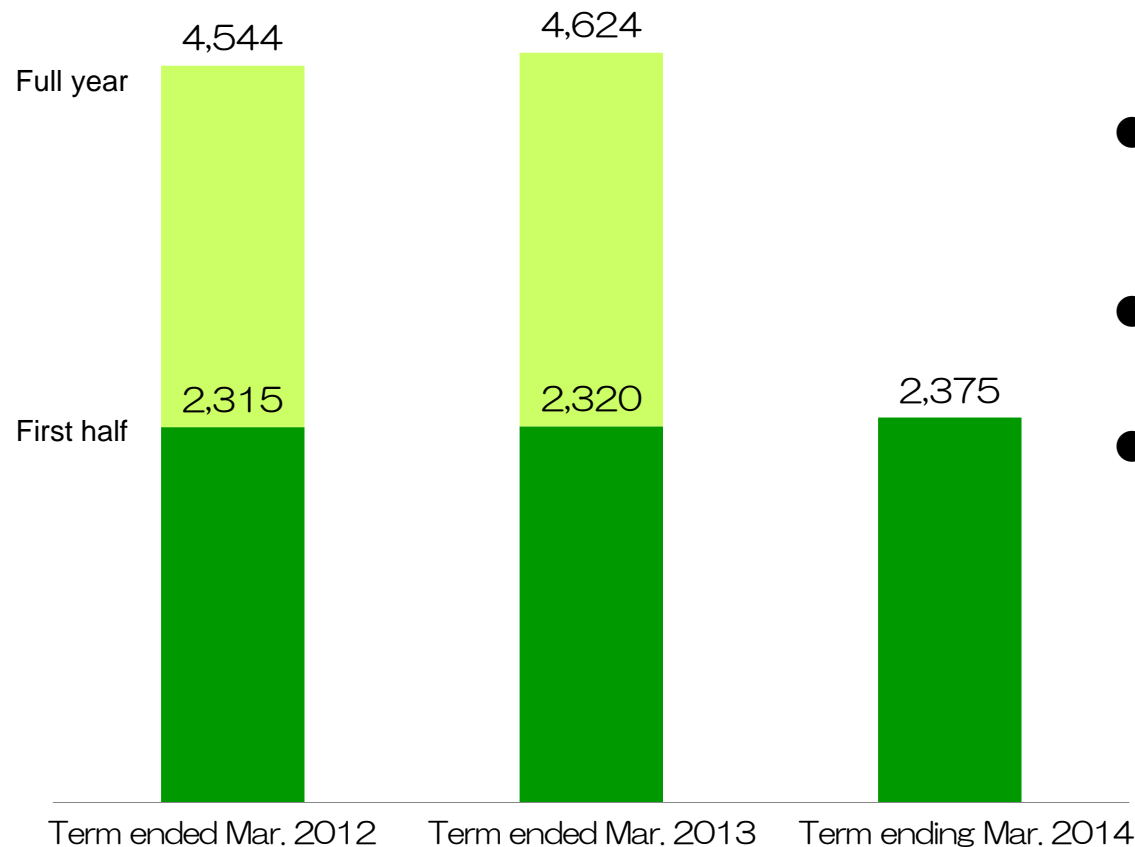


- 5.8% increase from the corresponding term in the previous year.
- The sales of Tosoh corporation's reagents were increase.
 - AIA-related reagents
 - HbA1c reagents
- The sales of LZ reagents and E Plate were increase.
 - Reagents for ABC classification
 - MMP-3

Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	2,315	4,544	2,320	4,624	2,375

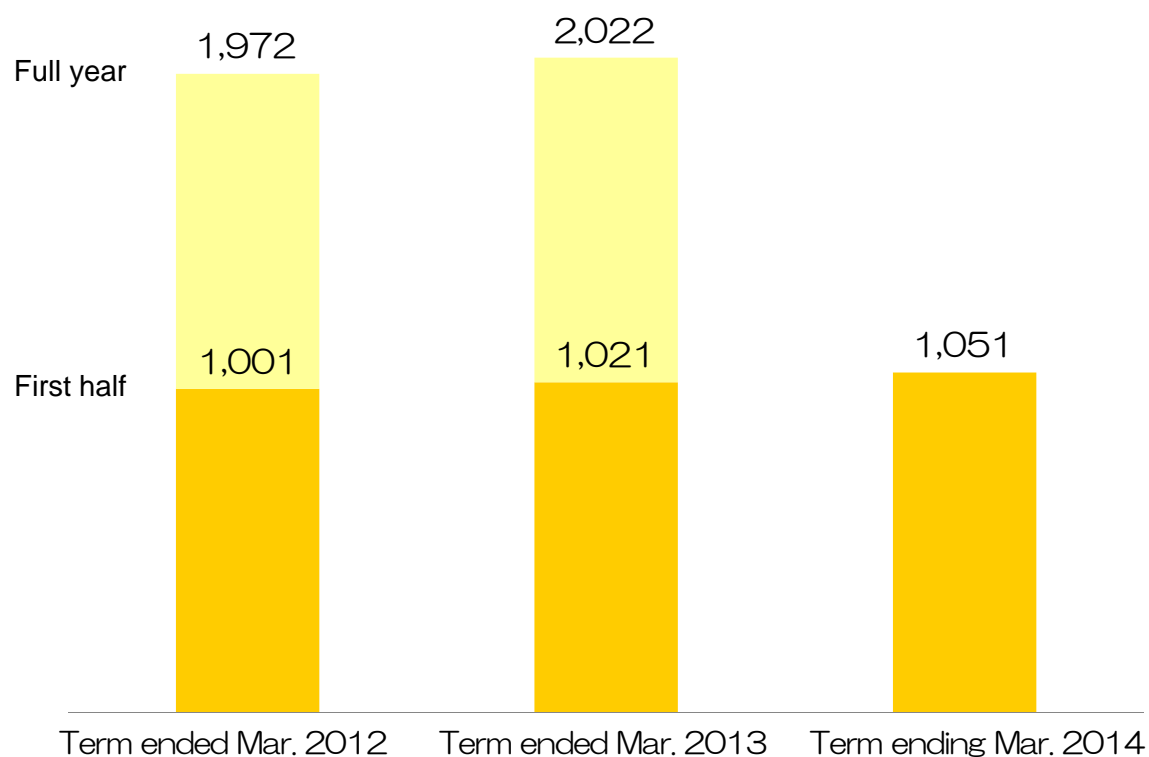


- 2.4% increase from the corresponding term in the previous year
- The sales of the "Immuno Catch Noro", were newly added.
- Reagents for drug sensitivity tests
- Increase in sales of Dry Plate.

Consolidated sales for product category

(Millions of yen)

General test reagents (urinalysis test strip)	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	1,001	1,972	1,021	2,022	1,051

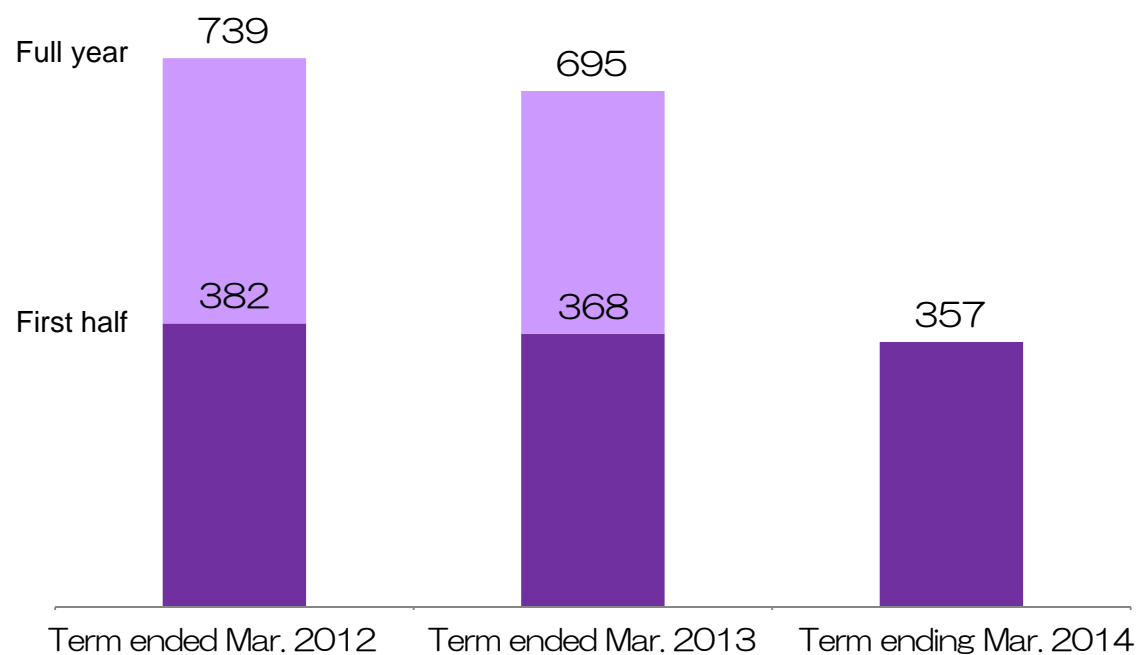


- 2.9% increase from the corresponding term in the previous year
- The sales of urinalysis test strip "Uropaper α III" for the automatic urine analyzer were increase.

Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	382	739	368	695	357



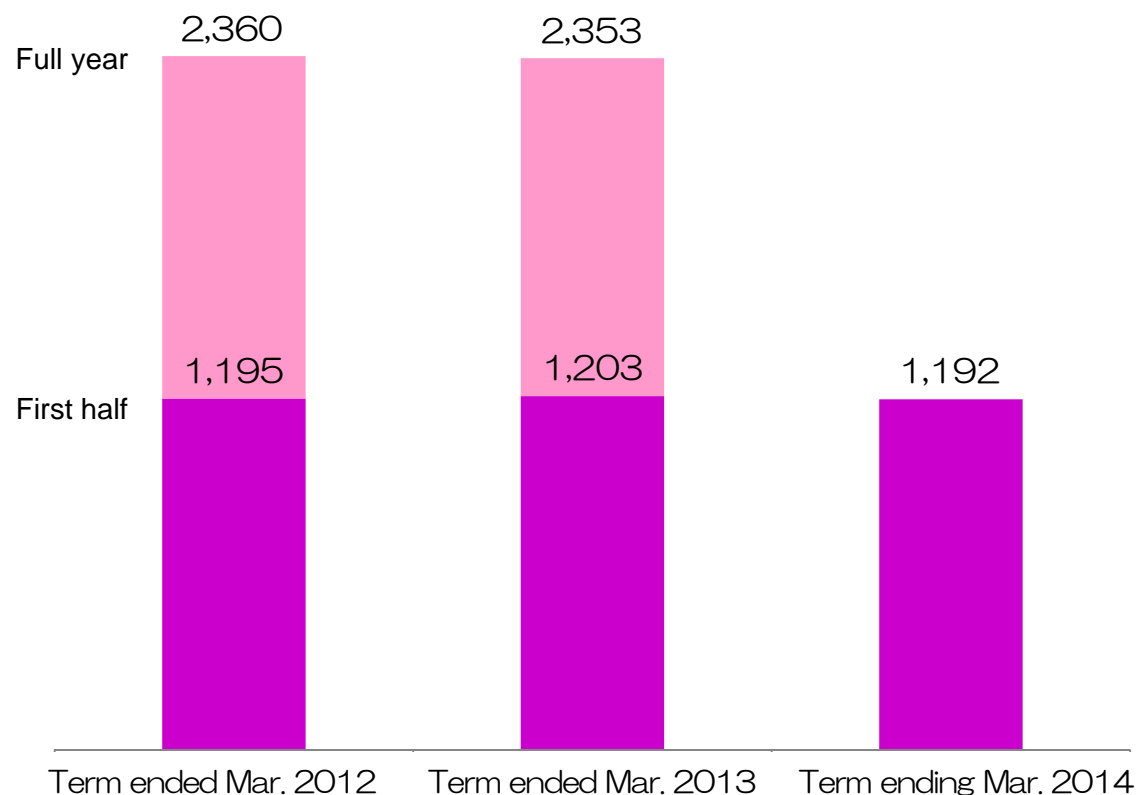
- 3.0% decrease from the corresponding term in the previous year

- Decline in market prices

Consolidated sales for product category

(Millions of yen)

Culture media for equipment, food and environment category	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	1,195	2,360	1,203	2,353	1,192

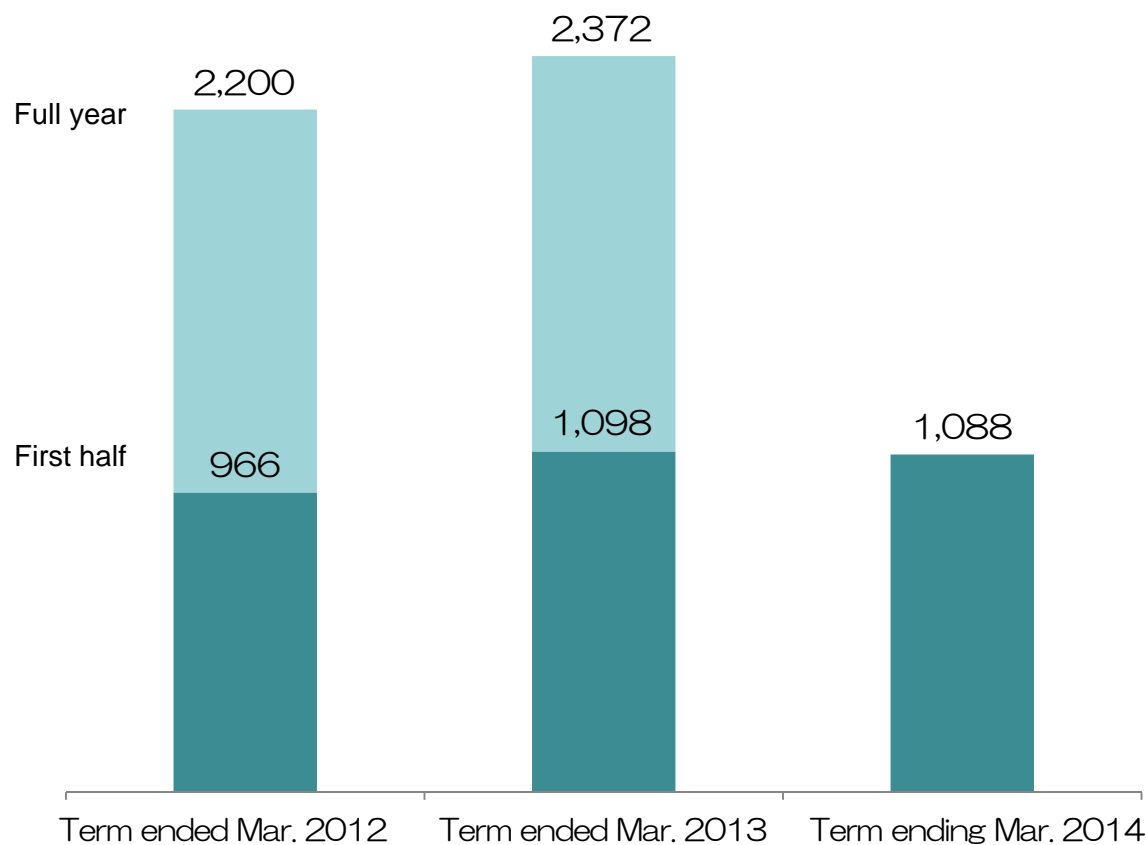


● 0.9% decrease from the corresponding term in the previous year, due to reasons such as price competitions.

Consolidated sales for product category

(Millions of yen)

Medical devices (exclude molecular genetics)	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	966	2,200	1,098	2,372	1,088

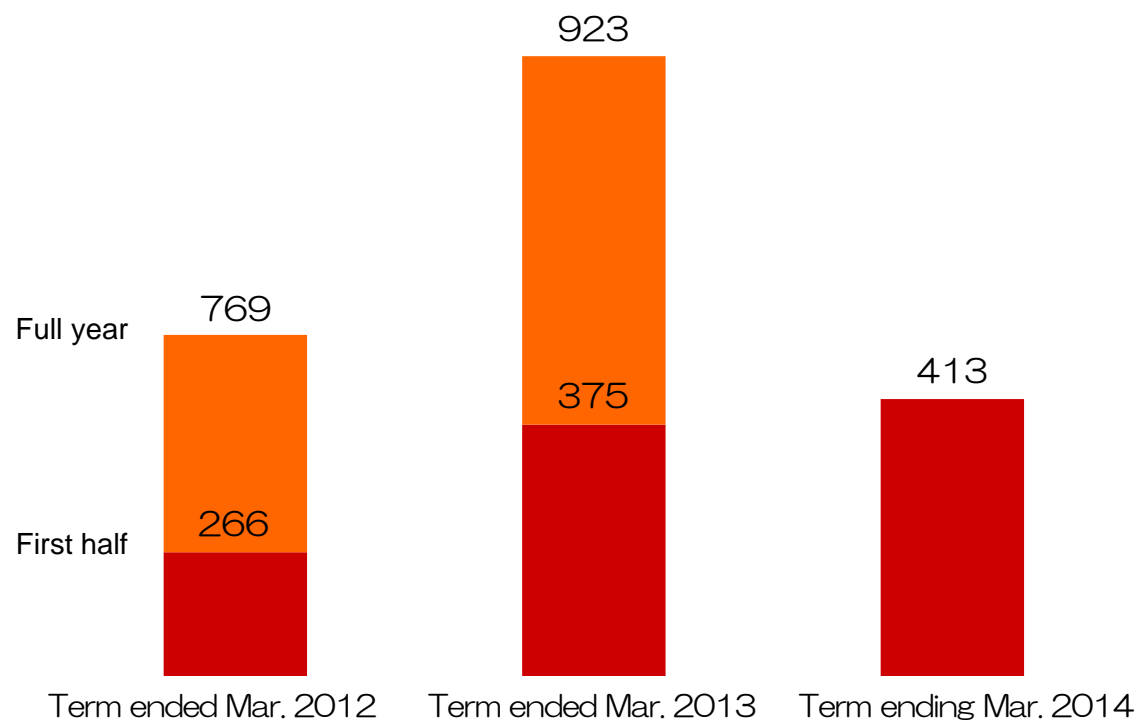


- 0.9% decrease from the corresponding term in the previous year
- Decrease in devices of urinalysis test and drug sensitivity test.
- Increase in devices of OC and Immunological and serological test.

Consolidated sales for product category

(Millions of yen)

Molecular genetics (include devices)	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	266	769	375	923	413



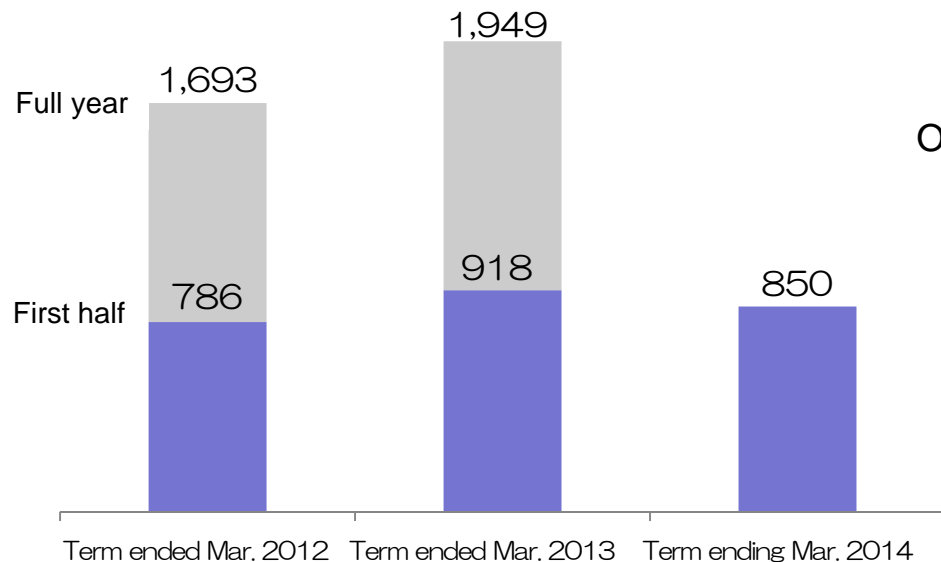
- 10.1% increase from the corresponding term in the previous year
- Increase in products of respiratory tract infection
- Patent rights income of LAMP method — 145 millions yen

(Millions of yen)

Overseas sales	Term ended Mar. 2012		Term ended Mar. 2013		Term ending Mar. 2014
	First half	Full year	First half	Full year	First half
	786	1,693	918	1,949	850

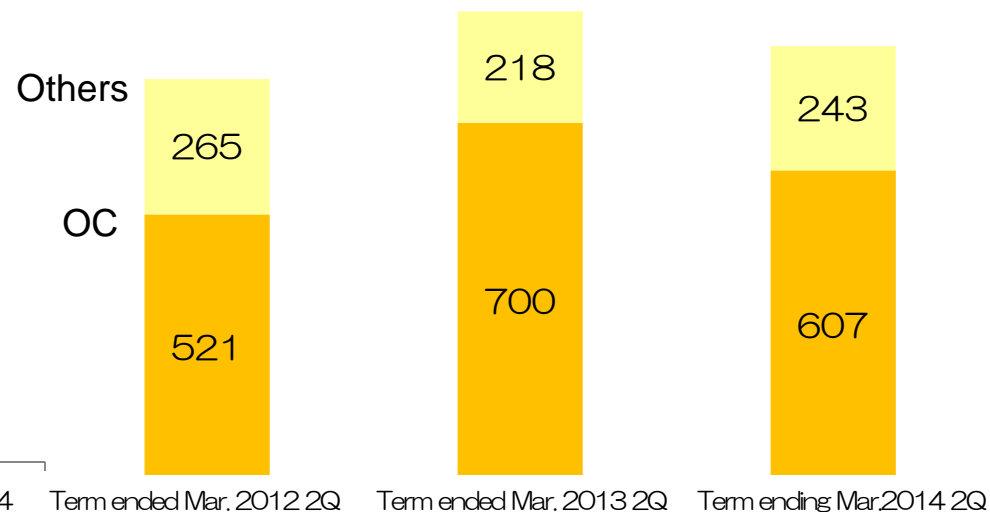
Sales

- 7.5% decrease from the corresponding term in the previous year

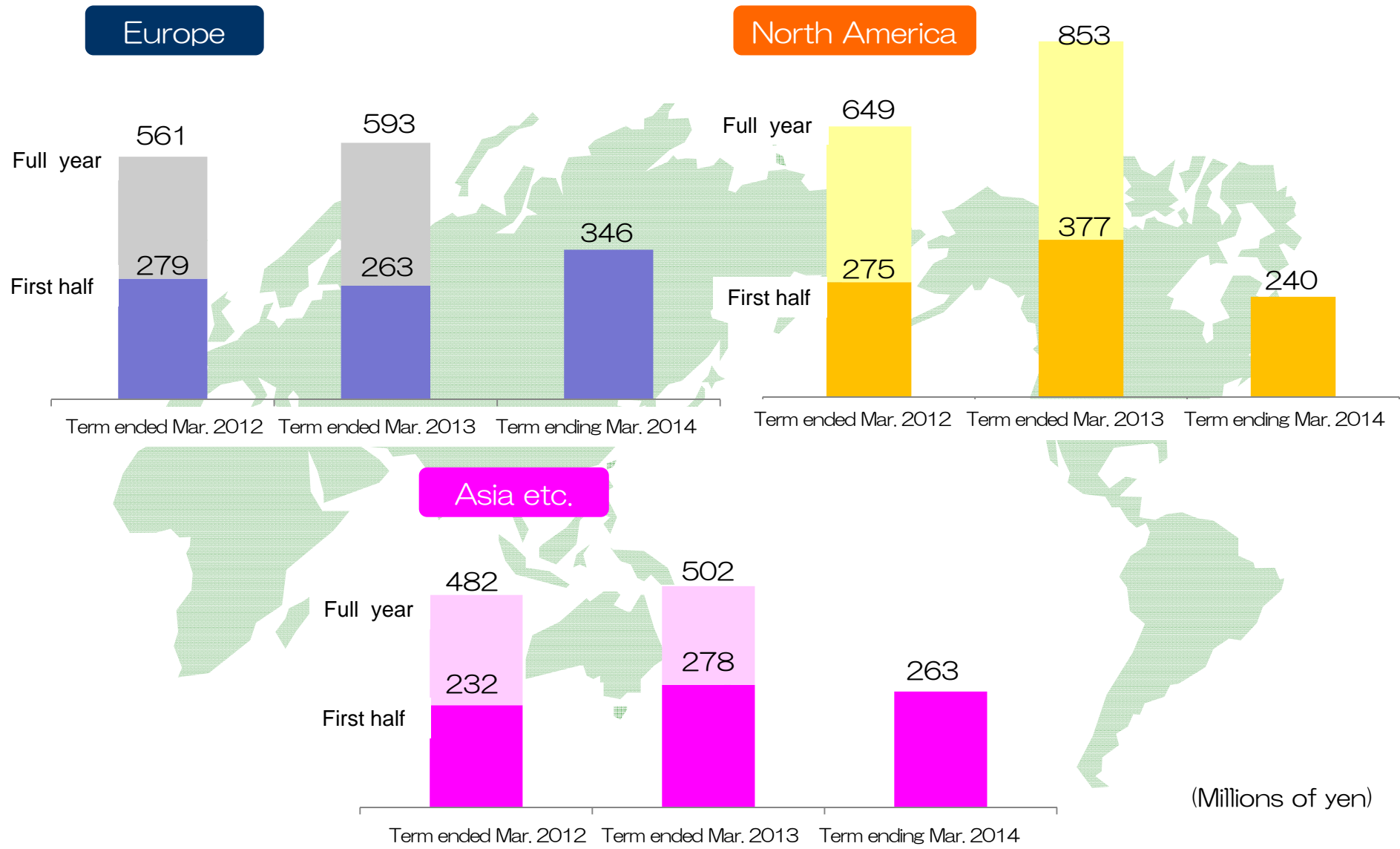


Sales for product category

- 13.3% decrease in sales of OC reagents
- 6.0% increase in sales of Molecular genetics (include devices)

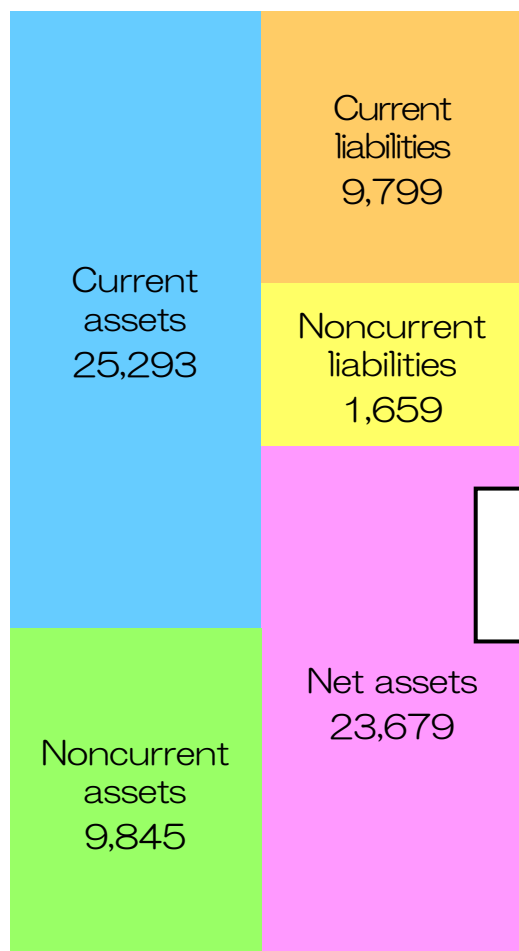


Consolidated overseas sales



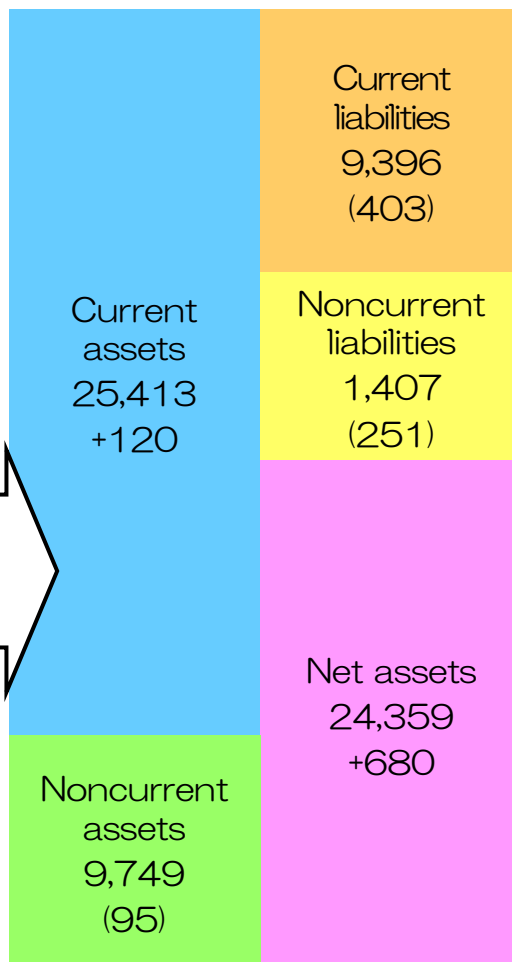
Consolidated balance sheets

Term ended Mar. 2013



Total assets 35,138 million yen

First half of the term ending Mar. 2014



Total assets 35,163 million yen

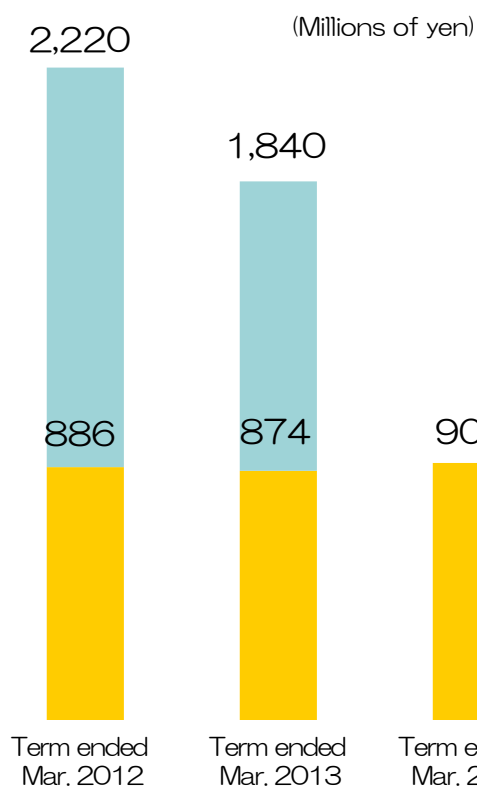
Main reasons of increase/decrease

Current assets	
Cash and deposits	343
Notes and account receivable	202
Inventory assets	(409)
Noncurrent assets	
Property, plant and equipment	(123)
Intangible assets	45
Current liabilities	
Electronically recorded obligations-operating	(105)
Income taxes payable	(208)
Noncurrent liabilities	
Long-term loans payable	(220)
Total net assets	
Retained earnings	719
Accumulated other comprehensive income	(62)

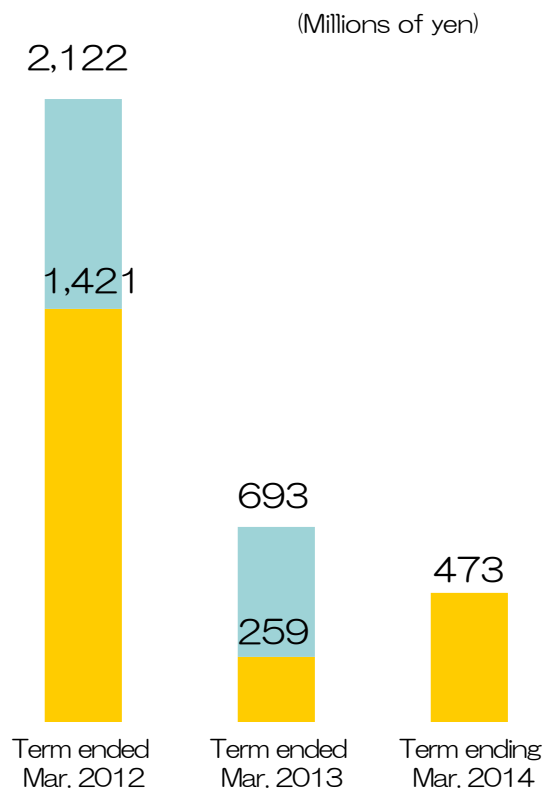
R&D cost and investment in equipment (consolidated)

First half
 Full year

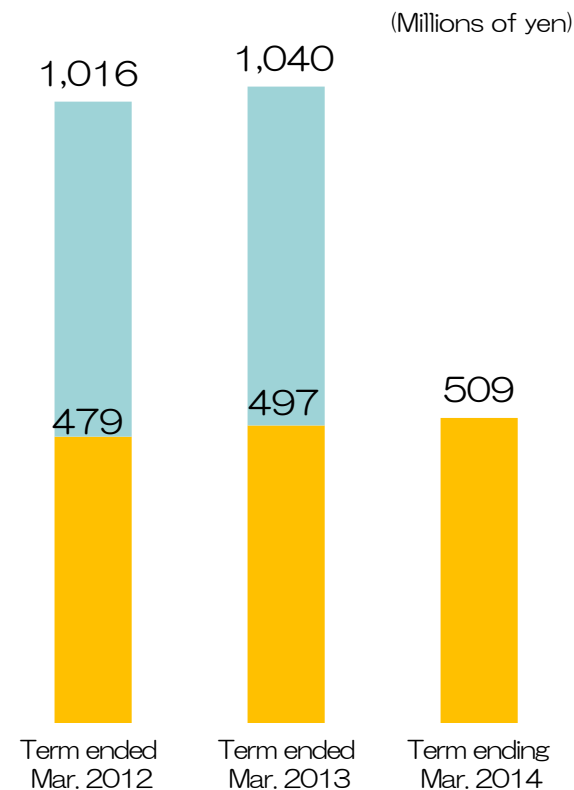
R&D cost



Investment in equipment



Depreciation and amortization



Primary strategies for the first
second quarter ending
Mar. 2014

Promotion of the sale measure

Japan

- Fecal occult blood test reagents (OC)
 - Promotion of screening for colorectal cancer for a bigger segment of the market.
- General test reagents(urinalysis test strip)
 - Promotion of Uropaper.
- Immunological and serological reagents
 - Sales promotion of reagents for ABC classification.
 - Sales promotion of “LZ reagent” . — MMP-3, RF —
- Microbiological reagents
 - Sales promotion of POCT and drug sensitivity tests
- Molecular genetics (Loopamp)
 - Sales promotion of LAMP reagent for respiratory infectious disease.
(tuberculosis, mycoplasma, legionella)



Promotion of the sale measure

U.S.

- Sales promotion of OC reagents and medical devices.

Europe

- Expand OC reagents and medical devices.
 - Adoption of OC in new market. — Norway, Belgium —
 - Correspond to adoption of OC. — France, U.K., Sweden, etc. —
- Promotion of automated urine analyzer and urinalysis test trip.
 - Sales promotion in Italy.

Asia, etc

- Expand OC reagents and medical devices.
 - Adoption in new market, and correspond to expand market.
 - . — Thailand, Hong Kong, Australia
- Promotion of Chinese business.
 - Expand LAMP reagents and medical devices by EIKEN CHINA CO., LTD.

R&D and new products

- (1) Improvement of products by existing technologies.
 - Uropaper
 - Addition new measurements item (Creatinine , Albumin)
 - Launching in July, 2013

- (2) Development of new immunological reagents using BLEIA.
 - “ BLEIA ‘EIKEN’ HCV antibody ”
 - Launching in April, 2013
 - “ BLEIA ‘EIKEN’ HBs antigen ”
 - Launching in July, 2013

- (3) Enrich the lineup of LAMP products.
 - “ Loopamp SR DNA Amplification kit”
 - Launching in October, 2013

- (4) POCT
 - Improvement of “Immuno Catch Noro” .
 - Launch a revamped product in September, 2013



FIND (Foundation for Innovative New Diagnostics) business

【 Tuberculosis test 】

- Continue to collect clinical data towards the acquirement of recommendation of WHO.
 - Africa, South-East Asian countries, etc. —
- Promotion of business with Ministry Foreign Affairs of Japan .
 - Haiti —
- Continue the work of application for CFDA (China)

【Malaria】

- Launching screening reagents for malaria eradication project.

【HAT (Human African Typanosomiasis) 】

- Continuing clinical study in Uganda and Congo.

【Leishmaniasis 】

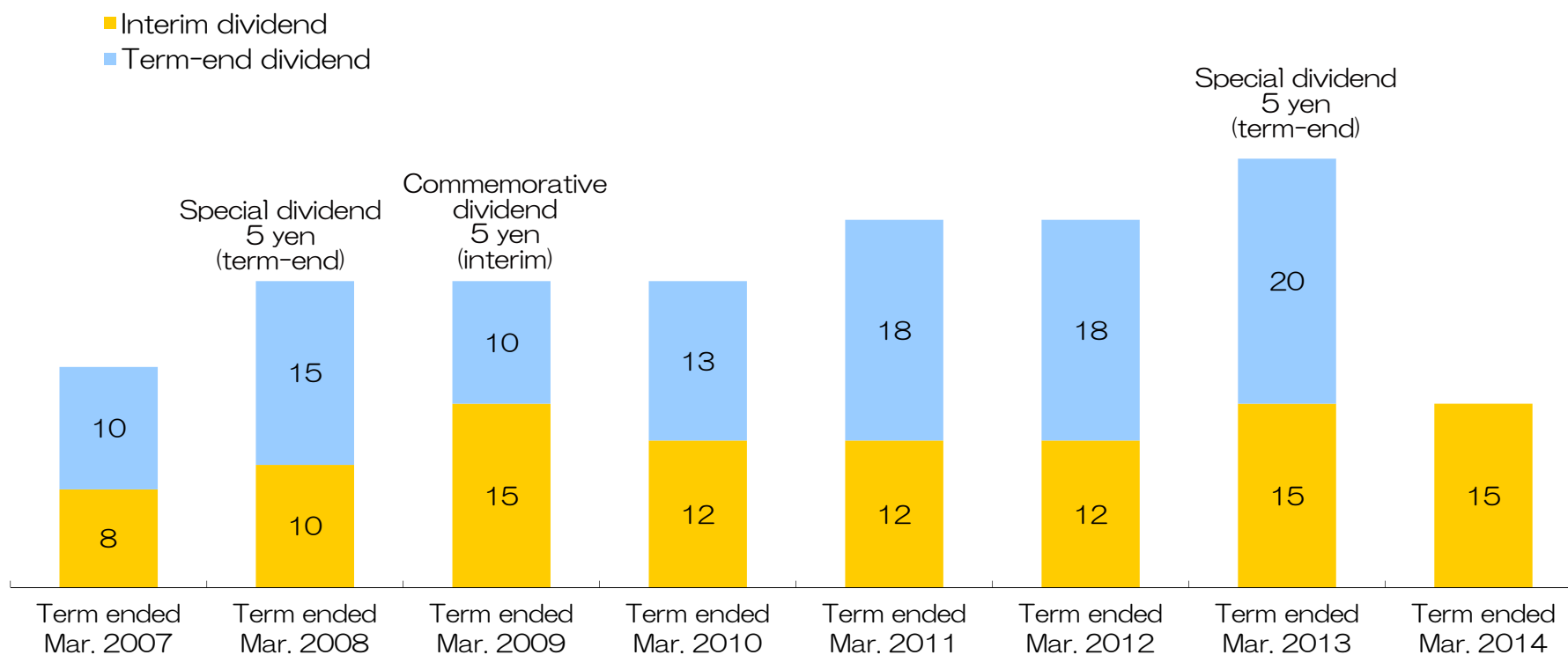
- Evaluation implementation of a trial product (FIND) .

Improvements in productivity and development of human resources

- Improvement of sales cost ratio by reduction of manufacturing costs.
- Reduce of sales administrative expense by raising business efficiency.
- Reconstruction of the quality management system corresponding to the laws and regulations in Japan and overseas.
- Strategic management and continuous improvement of the environmental management system.
- Thoroughness of compliance.
- Formulation and implementation of the key personnel training program.
- Support of BRAVE CIRCLE, campaign against colorectal cancer.

Interim dividend : 15 yen per share

Consolidated total interim dividends : 272 Millions of yen



Primary strategies and earnings
forecast for the term ending
Mar. 2014

Sales promotion

(1) Domestic market

- Priority products
OC reagents, Urinalysis reagents, Microbiological reagents,
Immunology and serological reagents.
- Maintain of sales
AIA, HbA1c, Drug sensitivity tests.
- Bring up of sales
LAMP, POCT, Clinical chemistry reagents, Industrial reagents.

(2) International market

- Expansion of sales of OC.
- Promotion of LAMP products.
- Deployment strategy of Immunological reagents and POCT products
in ASEAN
- Promotion of automated urine analyzer and urinalysis test trip in Europe.

China

- (1) Expansion of markets of LAMP reagents by EIKEN CHINA CO., LTD.
- (2) Search for new business in China.

FIND

- (1) Tuberculosis test
 - Continue to promote assessments toward recommendation from WHO.
 - Acquisition and analysis of data in Haiti and Zambia.
 - Continue the work of application for CFDA in China.
- (2) Malaria
 - Sale of screening reagents for malaria eradication campaign.
- (3) HAT
 - Continuation of Clinical Study in Uganda and Congo.
- (4) Leishmaniasis
 - Continuation of evaluation test of trial reagents by FIND.

Strengthening of research and development

- (1) Promotion of development of LAMP, BLEIA, POCT and drug sensitivity tests.
- (2) Improvement of the products by brushing up the existing technology.
- (3) Promotion of research new diagnostic 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. 2014 27

Target value (revision)

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	29,760		103.9%	29,700		103.8%
Operating income	2,690	9.0%	105.6%	2,680	9.0%	104.1%
Ordinary income	2,700	9.1%	96.0%	2,690	9.1%	97.4%
Net income	1,720	5.8%	70.1%	1,710	5.8%	71.2%

Overseas sales

(Millions of yen)

	Term ended Mar. 2013 Actual results	Term ending Mar. 2014 Target value	Variation
Sales	1,949	2,460	510
Ratio	6.8%	8.3%	(YOY : 126.2%)

Dividend

(yen)

	Interim dividend	Term-end dividend	Annual
	15	15	30



EIKEN CHEMICAL CO., LTD.

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

Notes

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