
The business performance briefing
for the term ended Mar. 2014
(the 76th term)



EIKEN CHEMICAL CO., LTD.

Apr. 30, 2014

Operating Results for the
term ended Mar. 2014
(the 76th term)

Consolidated performance for the term ended Mar. 2014 (the 76th term) 3

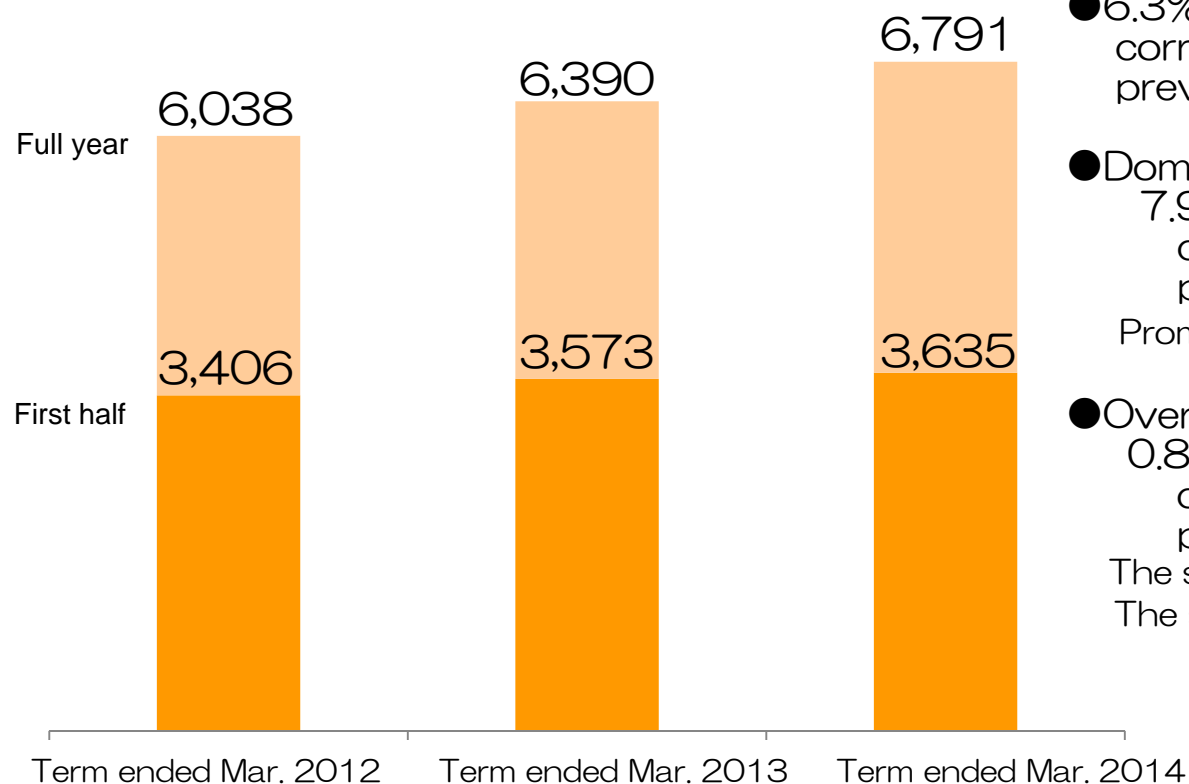
	Term ended Mar. 2014				YoY change
	Target value	Actual results	Ratio	Difference from target value	
Net sales	29,760	30,027		267	1,382
Operating income	2,690	3,008	10.0 %	318	460
Ordinary income	2,700	3,095	10.3 %	395	282
Net income	1,720	1,984	6.6 %	264	(468)

- 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. Furthermore, sales of March increased by the front-loaded order by the consumption tax increase.
- Overseas sales, in spite of successful in Europe and Asia, went down as a result of decrease sales to North America of fecal occult blood test reagents and equipments.
- Enhanced structure for production of LAMP and sales of OC and LAMP by EIKEN CHINA CO., LTD.
- The sales of products for respiratory tract infection and the patent fee based on molecular genetics(LAMP) went up.
- 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 0.8% 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 diagnostic reagents (OC)	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	3,406	6,038	3,573	6,390	3,635	6,791



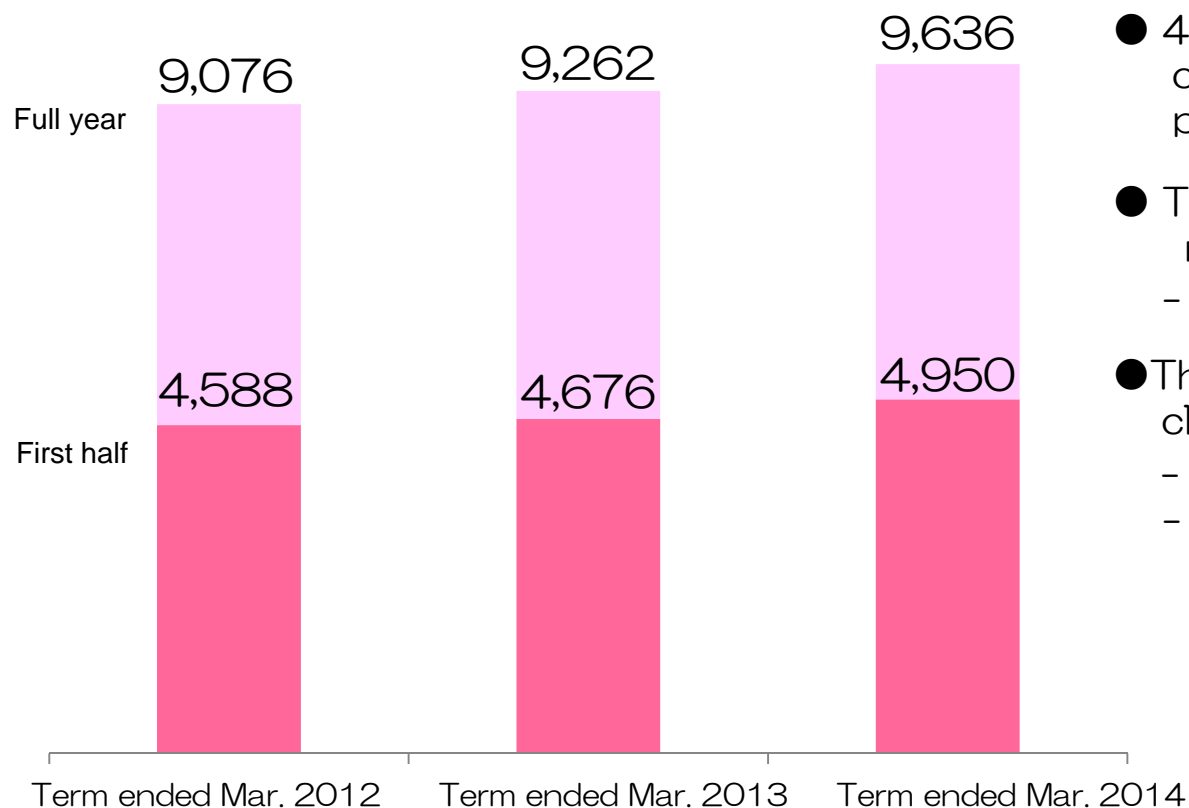
- 6.3% increase from the corresponding term in the previous year.
- Domestic sales 7.9% increase from the corresponding term in the previous year.
Promotion of the sale measure.
- Overseas sales 0.8% increase from the corresponding term in the previous year.
The sales in Europe were increase.
The sales in North America were decrease.



Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	4,588	9,076	4,676	9,262	4,950	9,636



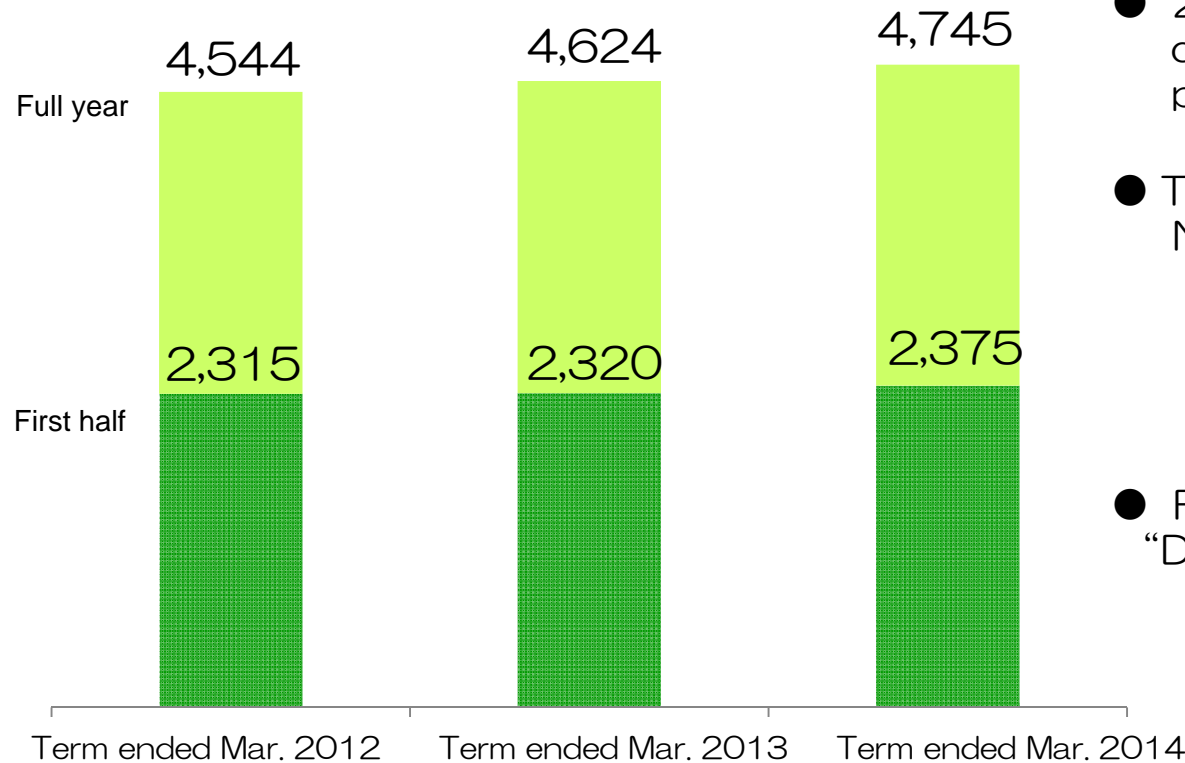
- 4.0% increase from the corresponding term in the previous year.
- The sales of Tosoh corporation's reagents were increase.
 - HbA1c reagents
- The sales of reagents for ABC classification were increase.
 - E Plate ... H. pylori
 - LZ test ... PG1 • PG2



Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	2,315	4,544	2,320	4,624	2,375	4,745



- 2.6% increase from the corresponding term in the previous year.
- The sales of the “Immuno Catch Noro” were increase.



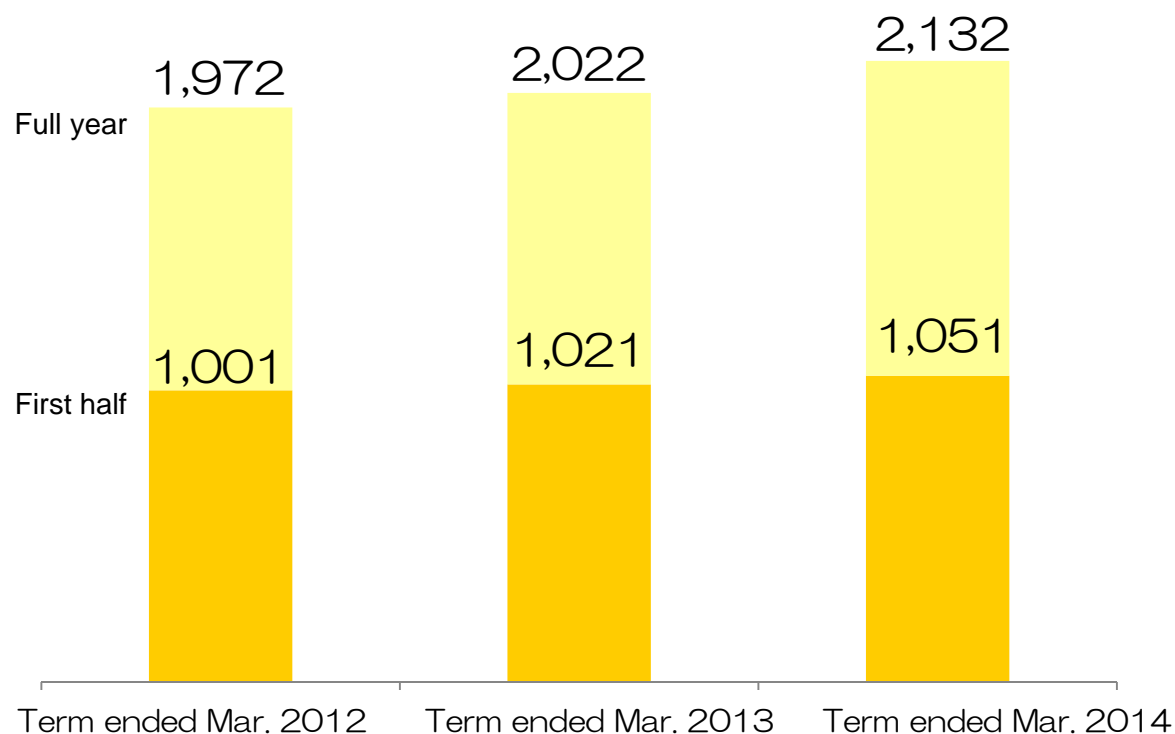
- Reagents for drug sensitivity tests “Dry Plate” were increase.



Consolidated sales for product category

(Millions of yen)

Dry chemistry reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	1,001	1,972	1,021	2,022	1,051	2,132



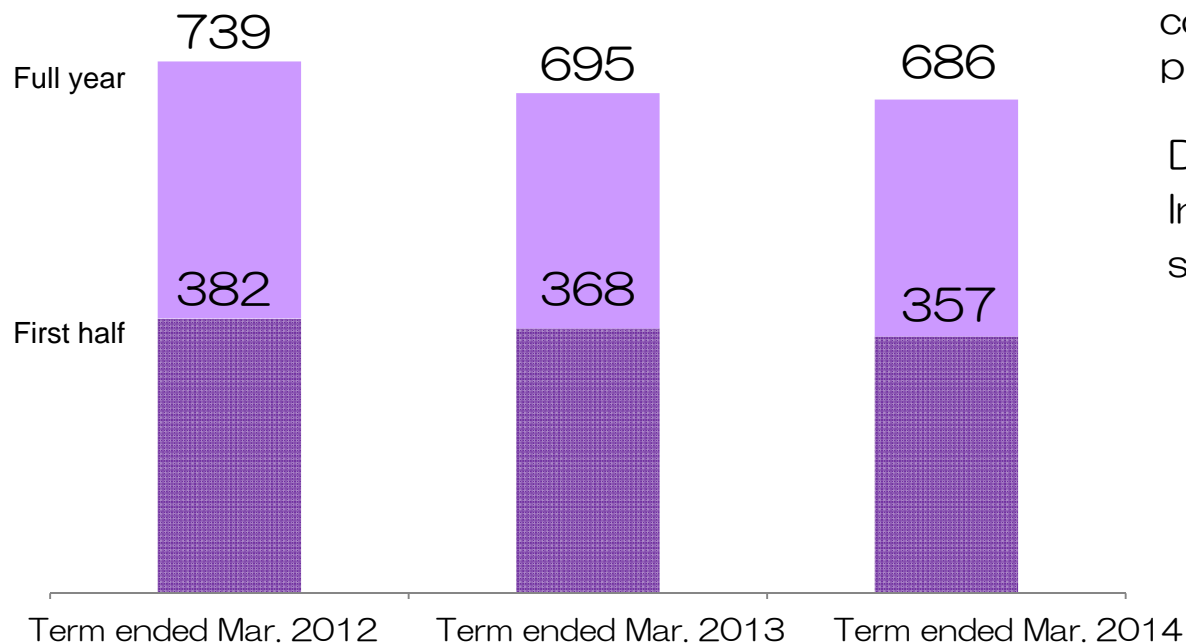
- 5.4% increase from the corresponding term in the previous year.
- The sales of urinalysis test trip "Uropaper α III" for the automatic urine analyzer were increase.



Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	382	739	368	695	357	686



● 1.3% decrease from the corresponding term in the previous year.

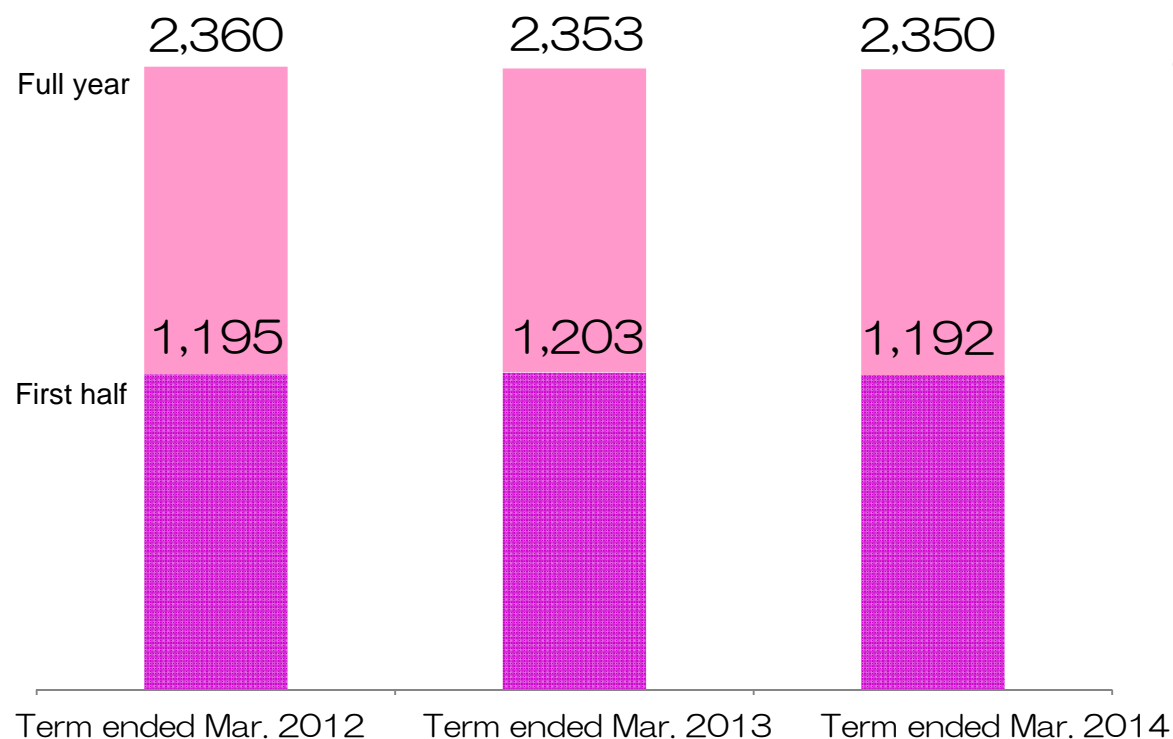
Decline in market prices.
Increased competition of market share competition.



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 ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	1,195	2,360	1,203	2,353	1,192	2,350



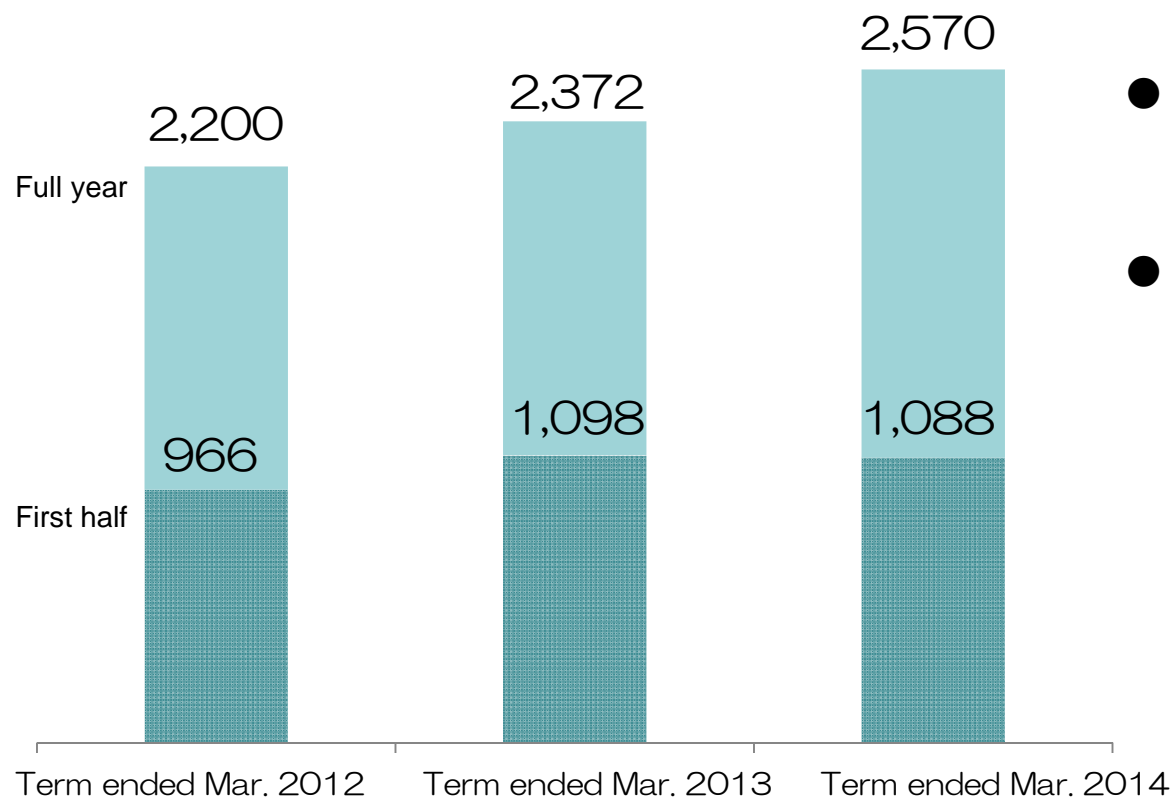
● 0.1% decrease from the corresponding term in the previous year, due to reasons such as price competitions.



Consolidated sales for product category

(Millions of yen)

Medical devices (exclude molecular genetics)	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	966	2,200	1,098	2,372	1,088	2,570



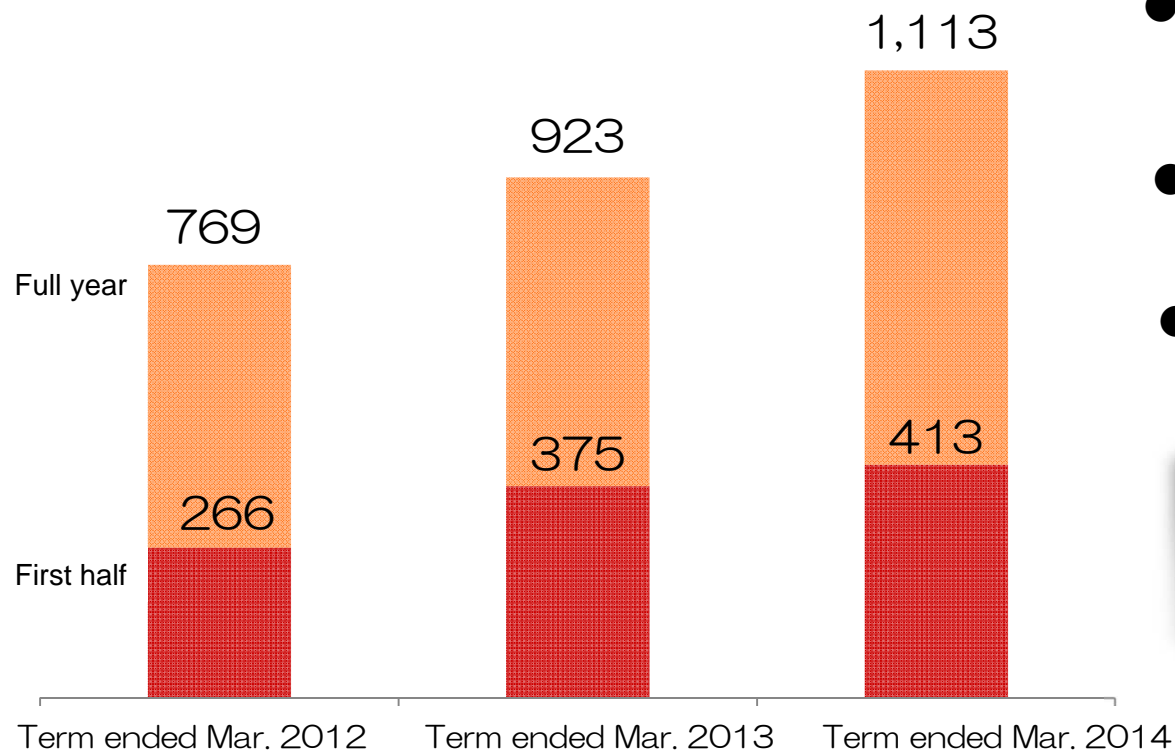
- 8.3% increase from the corresponding term in the previous year.
- Increase in devices of OC-SENSOR and Immunological and serological analyzers.



Consolidated sales for product category

(Millions of yen)

Molecular genetics(LAMP) (include devices)	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	266	769	375	923	413	1,113



- 20.6% increase from the corresponding term in the previous year.
- Increase in products of respiratory tract infection.
- Patent rights income of LAMP method.
— 506 millions yen

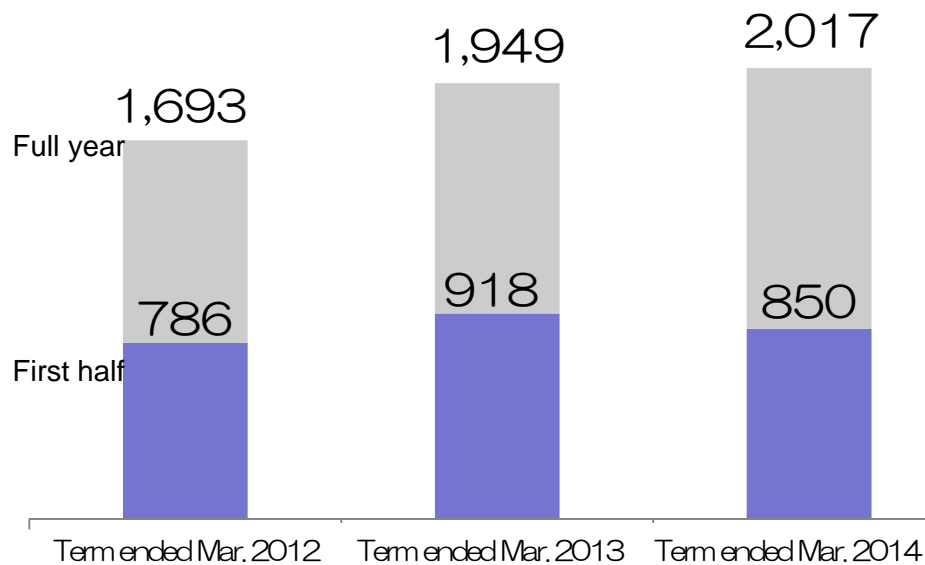


(Millions of yen)

Overseas sales	Term ended Mar. 2012		Term ended Mar. 2013		Term ended Mar. 2014	
	First half	Full year	First half	Full year	First half	Full year
	786	1,693	918	1,949	850	2,017

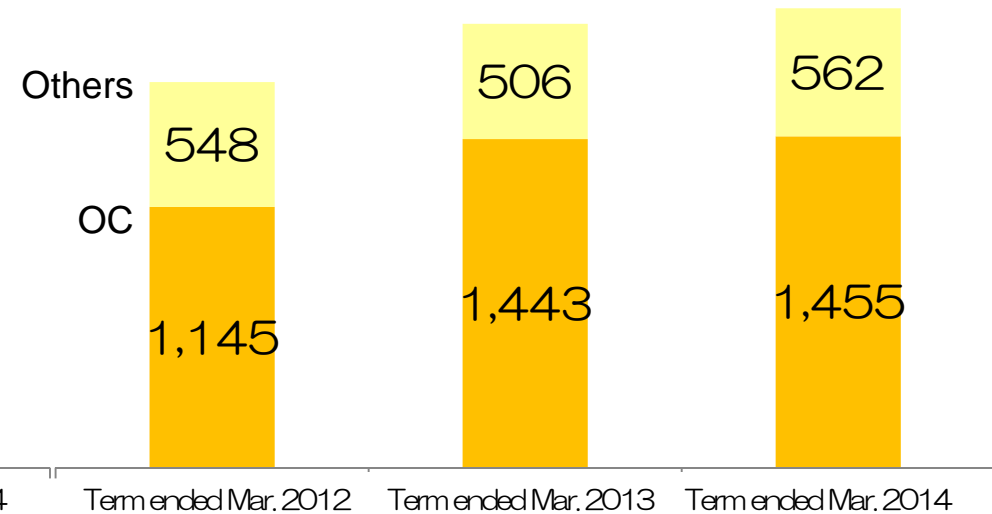
Sales

- 3.5% increase from the corresponding term in the previous year.

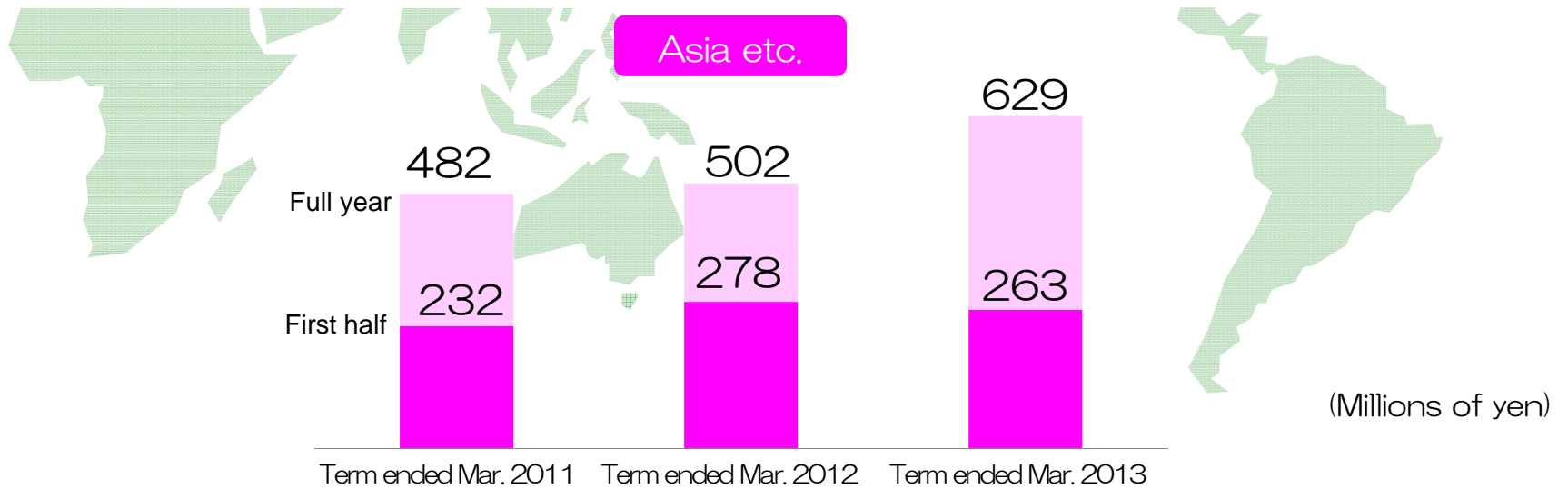
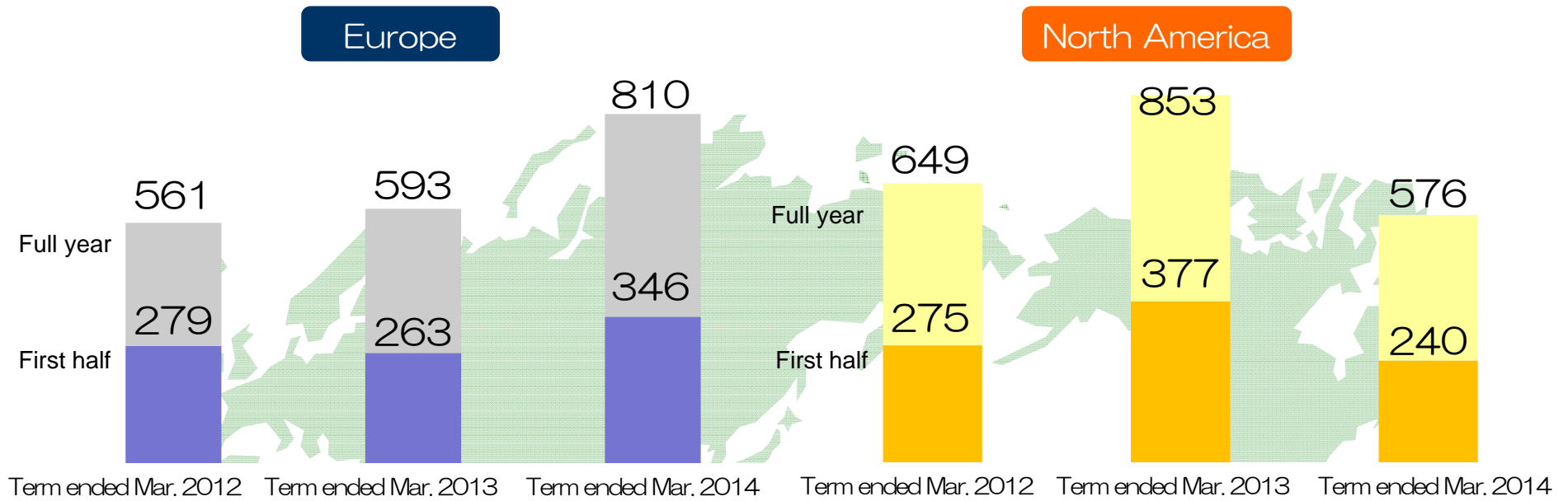


Sales for product category

- 0.8% increase in sales of OC reagents.
- 19.1% increase in sales of Molecular genetics. (include devices)

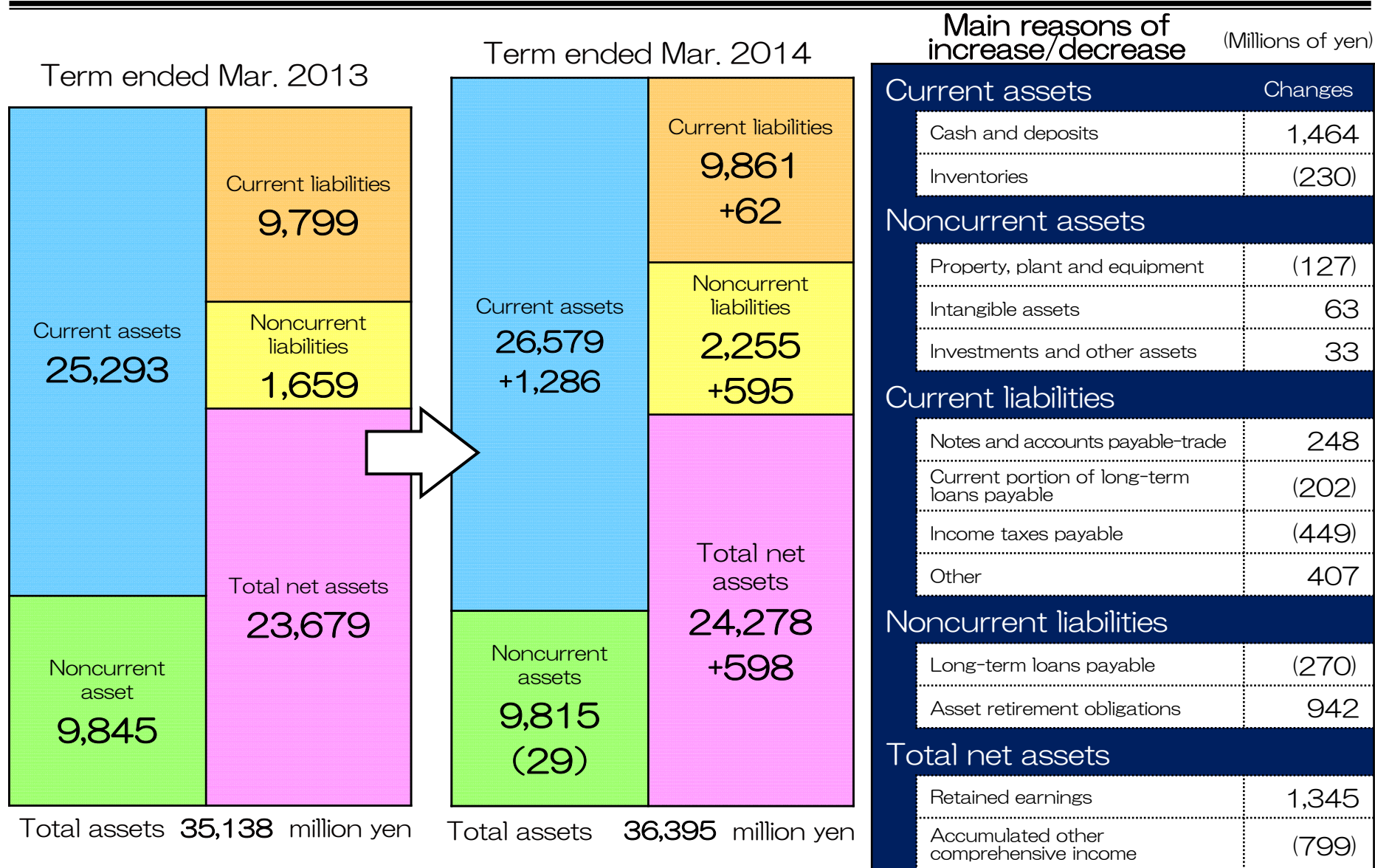


Consolidated overseas sales



Consolidated balance sheets

15



Consolidated Statements of Cash Flows

16

(Millions of yen)

	Term ended Mar. 2013	Term ended Mar. 2014
Cash and cash equivalents at beginning of the period	5,165	9,568
Net cash provided by (used in) operating activities	2,228	3,410
Net cash provided by (used in) investing activities	3,418	(779)
Net cash provided by (used in) financing activities	(1,242)	(1,268)
Effect of exchange rate changes on cash and cash equivalents	(0)	9
Cash and cash equivalents at end of the period	9,568	10,940

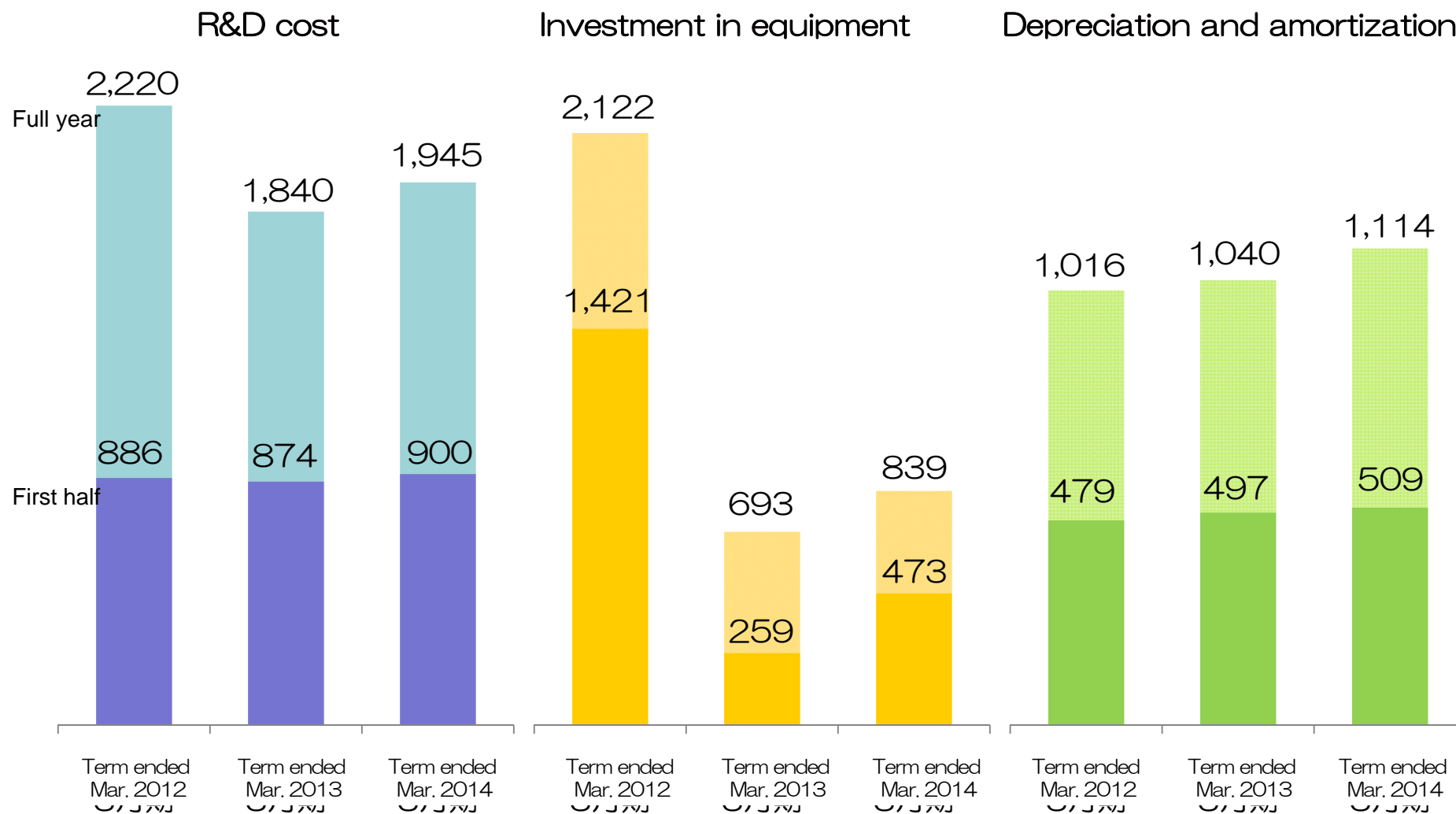
Main items in operating cash flows	Changes
Income before income taxes and minority interests	3,059
Depreciation and amortization	1,114
Impairment loss	73
Loss on sales and retirement of property, plant and equipment	(29)
Increase in notes and accounts receivable-trade	235
Decrease in other current assets	28
Decrease in other current liabilities	307
Income taxes paid	(1,468)

Main items in investing cash flows	Changes
Purchase of property, plant and equipment	(492)

Main items in financing cash flows	Changes
Payment of long-term loans	(472)
Cash dividends paid	(636)

R&D cost and investment in equipment (consolidated)

(Millions of yen)



Primary strategies for the
term ended Mar. 2014
(the 76th term)

Promotion of the sale measure :

Increase the market share of major products

Japan

- Fecal occult blood test reagents - OC -
 - Increasing the sales by promotion of screening for colorectal cancer.
- General test reagents(urinalysis test strip)
 - Sales promotion of Uro paper adding related item of kidney function test.
- Immunological and serological reagents
 - Sales promotion of reagents for ABC classification. — H. pylori, Pepsinogen —
 - 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 tuberculosis, mycoplasma, legionella.

Promotion of the sale measure

U.S.

- Sales promotion of OC reagents and medical devices.
 - Adoption of OC in Canada.

Europe

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

Asia, etc

- Expand market of OC reagents and medical devices.
 - Response to adoption of OC in new market.
 - Thailand, Hong Kong, New Zealand
- Promotion of Chinese business.
 - Expand market of LAMP reagents and medical devices.
 - Sales promotion of OC.

R&D and new products

(1) Improvement of products by existing technologies.

- Uropaper
Addition new measurements item (Creatinine , Albumin)
— Launching in July, 2013
- ABC classification.
“ LZ test ‘EIKEN’ H. pylori antibody ”
— Launching in February, 2014
- Reagent and analyzer for drug sensitivity testing
“ Dry plate 192” , “ DPS192iX ”
— Launching in March, 2014

(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

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】

- Sale of 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) .

【Chagas' disease】

- Agreement of collaboration to develop a test for the detection.



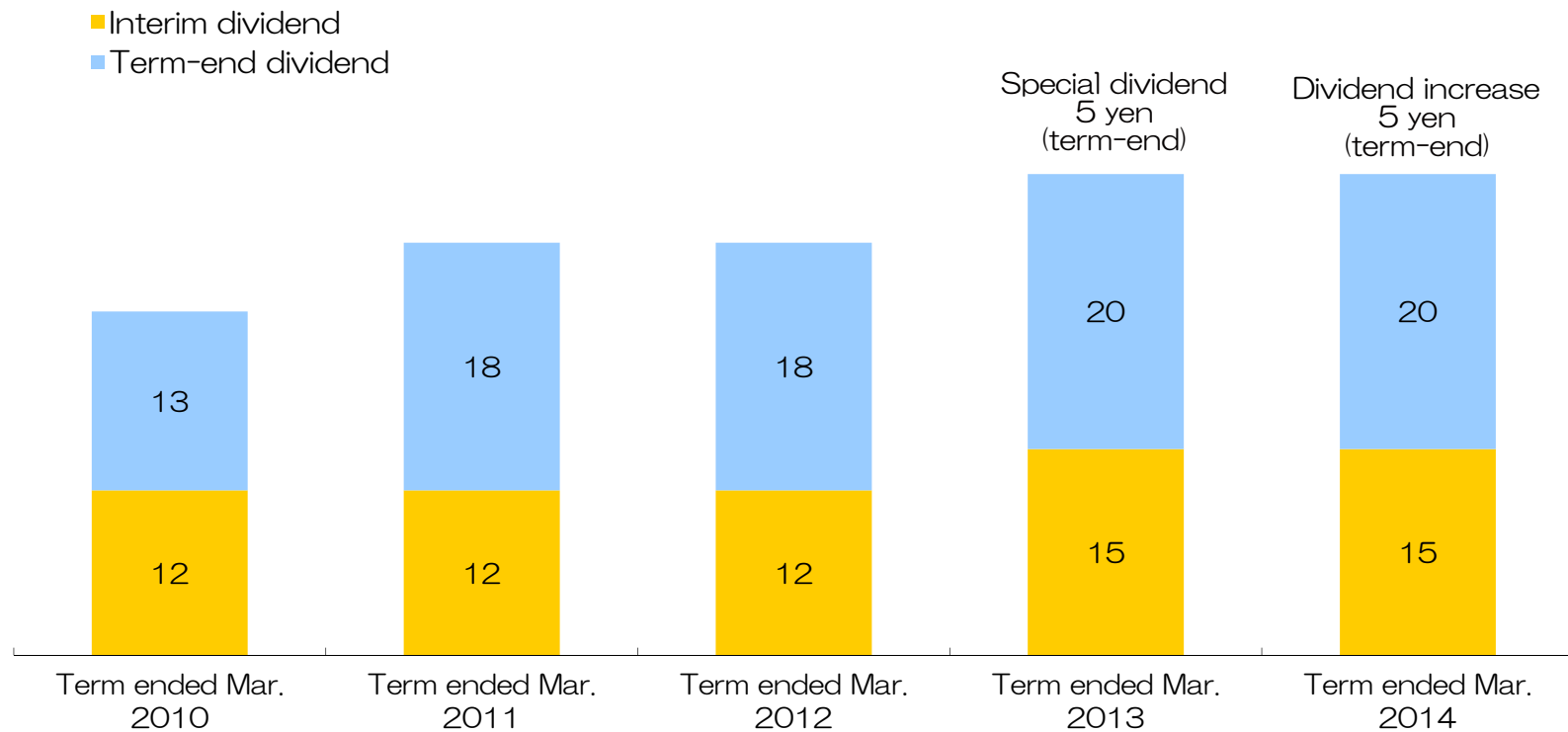
Improvements in productivity and development of human resources

- 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.
- Reduction of risk by total risk management.
- Formulation and implementation of the key personnel training program.
- Support of BRAVE CIRCLE, campaign against colorectal cancer.



Interim dividend : 35 yen per share

Consolidated total interim dividends : 636 Millions of yen



Primary strategies and earnings
forecast for the term ending
Mar. 2015 (the 77th term)

Sales promotion - Increase the market share -

(1) Domestic market

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

(2) International market

- Response to international regulations.
- Building OC brand and expansion of sales of OC in screening of colorectal cancer.
- Promotion of LAMP products.
- Deployment strategy of Immunological reagents and POCT products.
- Promotion of automated urine analyzer and urinalysis test trip.

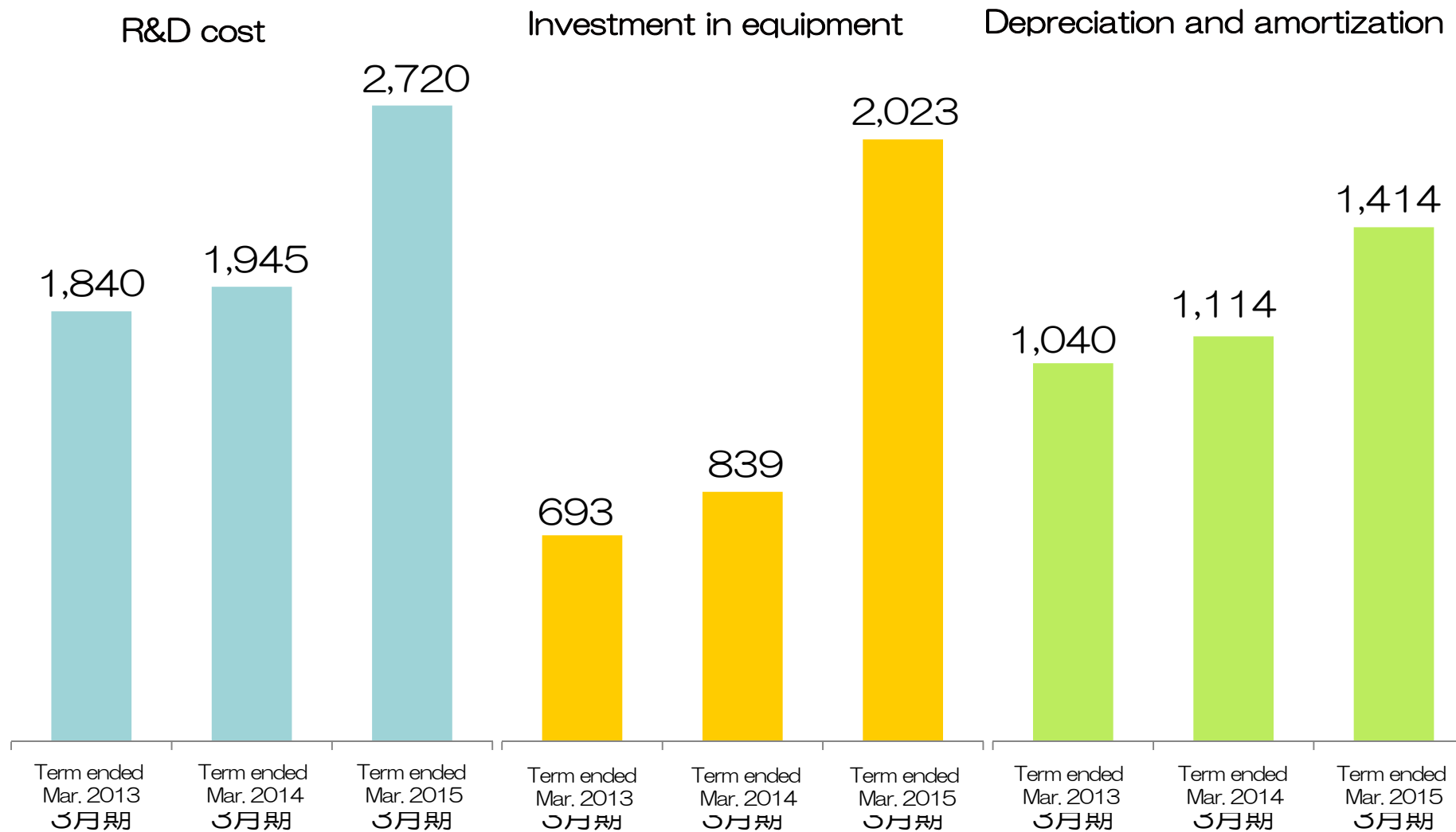
Strengthening of research and development

- (1) Sure understanding of customer' s needs and application them to products development.
- (2) Promotion of development of LAMP, BLEIA, POCT and drug sensitivity tests.
- (3) Improvement of the products by brushing up the existing technology.
- (4) Promotion of research new bio-marker and new diagnostics technology.
- (5) FIND business —TB, Malaria, HAT, Leishmaniasis, Chagas' disease —

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) Improvement of competence and implementation of education and training continued for the new quality system operation
- (4) Formulation and implementation of the key personnel training program.

(Millions of yen)



Consolidated earnings forecast for the term ending Mar. 2015 29

Target value (revision)

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	31,320		104.3 %	31,120		103.6 %
Operating income	2,900	9.3 %	96.4 %	2,900	9.3 %	96.3 %
Ordinary income	2,930	9.4 %	94.7 %	2,910	9.4 %	94.8 %
Net income	1,870	6.0 %	94.2 %	1,850	5.9 %	94.4 %

Overseas sales

(Millions of yen)

	Term ended Mar. 2014 Actual results	Term ending Mar. 2015 Target value	Variation
Sales	2,017	2,950	932
Ratio	6.7 %	9.4 %	(YOY : 146.2 %)

Dividend

(yen)

	Interim dividend	Term-end dividend	Annual
	17	18	35



EIKEN CHEMICAL CO., LTD.

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Notes

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