

**SEIKAGAKU CORPORATION**  
**Consolidated Financial Results (Japan GAAP) (Summary)**  
**for the First Six Months of Fiscal 2015**  
**(Six-Month Period Ended September 30, 2015)**

Listed exchanges: Tokyo Stock Exchange (First Section)

Stock code number: 4548

URL: <http://www.seikagaku.co.jp/english/>

Scheduled date to commence dividend payment: December 2, 2015

(All amounts have been rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Six Months of Fiscal 2015**

(from April 1, 2015 to September 30, 2015)

**(1) Consolidated Financial Results**

(Percentages indicate changes from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First six months of fiscal 2015	15,954	12.0	2,050	31.1	2,575	22.1
First six months of fiscal 2014	14,247	(7.5)	1,564	(55.1)	2,109	(44.2)

	Net income attributable to owners of parent		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First six months of fiscal 2015	1,941	15.0	34.18	-
First six months of fiscal 2014	1,687	(45.9)	29.71	-

(Note) Comprehensive income:

First six months of fiscal 2015: 2,869 million yen [ 17.2% ]

First six months of fiscal 2014: 2,448 million yen [(27.4%)]

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2015	83,909	72,540	86.5
As of March 31, 2015	80,889	70,410	87.0

(Reference) Shareholders' equity:

As of September 30, 2015: 72,540 million yen

As of March 31, 2015: 70,410 million yen

**2. Dividends**

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	-	13.00	-	13.00	26.00
Fiscal 2015	-	13.00	-	-	-
Fiscal 2015 (Forecast)	-	-	-	13.00	26.00

(Note) Revision of the forecasts most recently announced : No

**3. Forecast of Consolidated Financial Results for Fiscal 2015** (from April 1, 2015 to March 31, 2016)  
(Percentages indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Fiscal 2015	30,650	3.8	2,400	0.7	3,800	(5.2)	2,900	(20.6)	51.05

(Note) Revision of the forecasts most recently announced : No

**\*Notes**

**(1) Changes in the status of material subsidiaries during the period: No**

**(2) Application of specific accounting methods for preparing the quarterly consolidated financial statements: Yes**

**(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements**

- (a) Changes in accounting principles accompanying revisions in accounting standards: Yes
- (b) Changes other than those in (a) above: No
- (c) Changes in accounting estimates: No
- (d) Retrospective restatements: No

**(4) Number of shares issued (common stock):**

(a) Number of shares at the end of the period (including treasury stock)	As of September 30, 2015	58,584,093 shares	As of March 31, 2015	58,584,093 shares
(b) Number of treasury stock at the end of the period	As of September 30, 2015	1,779,397 shares	As of March 31, 2015	1,778,994 shares
(c) Average number of shares issued during the period (six months)	First six months of fiscal 2015	56,804,888 shares	First six months of fiscal 2014	56,805,675 shares

\*Status of Performance of Quarterly Review Procedures

This quarterly summary is exempt from the quarterly review procedures based on Japan's Financial Instruments and Exchange Law. At the time when this quarterly summary is disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law has not been completed.

\*Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecast shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ materially from these forecasted figures due to various factors.

## **1. Results of Operations for the First Six Months of Fiscal 2015**

### **(Six-Month Period Ended September 30, 2015)**

#### **(1) Qualitative explanation on quarterly financial results**

In the first six months (April 1 to September 30, 2015) of the fiscal year ending March 31, 2016 (fiscal 2015), net sales rose 12.0% year on year to ¥15,954 million. The change is attributable to an increase in overseas pharmaceuticals sales volume and the impact of yen depreciation.

With regard to earnings, operating income rose 31.1% year on year to ¥2,050 million, reflecting the sales increase, despite depreciation of the No. 5 Production Building at the Takahagi Plant and higher R&D expenses resulting from progress on development themes such as SI-6603, indicated for treatment of lumbar disc herniation in the U.S. Ordinary income rose 22.1% to ¥2,575 million as a result of factors including a decrease in gain on valuation of foreign currency-denominated assets because of a decrease in the magnitude of yen depreciation. Net income attributable to owners of the parent rose 15.0% to ¥1,941 million, reflecting the expiration of a temporary tax rate reduction applied in fiscal 2014.

#### **Net sales by segment**

##### **Pharmaceuticals Business**

###### **-Domestic Pharmaceuticals (¥8,709 million, up 0.5% year on year)**

Deliveries to medical institutions of ARTZ, a joint function improving agent, decreased slightly as a result of the impact of promotion of generics use at a time of flat overall market growth. The Company's sales remained at the prior-year level.

Deliveries to medical institutions of OPEGAN, an ophthalmic surgery aid, decreased amid fierce competition, and the Company's sales fell slightly as well.

Despite an increase in deliveries to medical institutions of MucoUp, surgical aids for endoscopic mucosal resection, the Company's sales decreased, reflecting a high level of shipments in the first six months of fiscal 2014.

###### **-Overseas Pharmaceuticals (¥3,830 million, up 56.4% year on year)**

U.S. sales of SUPARTZ, a 5-injection joint function improving agent, remained at the prior-year level as a result of sales promotion activities by the sales partner even as sales of 3-injection products of competitors continue to increase in the market for multi-injection products. The Company's sales to the U.S. rose as a result of advance shipment of product in new packaging accompanying a change of the SUPARTZ brand name\* and yen depreciation.

\* Accompanying a labeling change following FDA approval of the safety of retreatment injection, the Company changed the brand name in U.S. from SUPARTZ to SUPARTZ FX and commenced sales under the new brand name in October 2015.

Sales of ARTZ in China (P.R.C.) were flat, reflecting various purchasing trends of medical institutions accompanying a change in the pricing policy by the government. The Company's sales increased as a result of an inventory build-up as a result of logistics policy revisions by the sales partner coupled with the impact of yen depreciation.

Both U.S. sales and the Company's sales of Gel-One, a single-injection joint function improving agent, increased. The Company will aim for further sales volume increases by providing strong support for the local sales structure, which has been expanded through an acquisition made by the sales partner.

**-Bulk Products (¥661 million, up 1.4% year on year)**

Sales were essentially flat as higher sales of chondroitin sulfate compensated for lower sales of hyaluronic acid.

As a result of these developments, sales from the pharmaceuticals business rose 12.2% year on year to ¥13,201 million.

**LAL Business**

Sales from the LAL business rose 10.9% year on year to ¥2,753 million as a result of an increase in overseas sales volume of endotoxin-detecting reagents and the impact of yen depreciation.

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