

**SEIKAGAKU CORPORATION**  
**Consolidated Financial Results (Japan GAAP) (Summary)**  
**for the First Nine Months of Fiscal 2015**  
**(Nine-Month Period Ended December 31, 2015)**

Listed exchanges: Tokyo Stock Exchange (First Section)

Stock code number: 4548

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

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

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

(from April 1, 2015 to December 31, 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 nine months of fiscal 2015	23,437	6.2	2,743	20.6	4,006	5.8
First nine months of fiscal 2014	22,075	(4.5)	2,273	(54.3)	3,787	(33.8)

	Net income attributable to owners of parent		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First nine months of fiscal 2015	3,017	(0.8)	53.11	-
First nine months of fiscal 2014	3,042	(34.6)	53.56	-

(Note) Comprehensive income:

First nine months of fiscal 2015: 3,552 million yen [ (16.1%) ]

First nine months of fiscal 2014: 4,234 million yen [ (19.8%) ]

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2015	83,845	72,485	86.5
As of March 31, 2015	80,889	70,410	87.0

(Reference) Shareholders' equity:

As of December 31, 2015: 72,485 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 December 31, 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 December 31, 2015	1,779,422 shares	As of March 31, 2015	1,778,994 shares
(c) Average number of shares issued during the period (nine months)	First nine months of fiscal 2015	56,804,819 shares	First nine months of fiscal 2014	56,805,577 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 Nine Months of Fiscal 2015**

### **(Nine-Month Period Ended December 31, 2015)**

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

In the first nine months (April 1 to December 31, 2015) of the fiscal year ending March 31, 2016 (fiscal 2015), net sales rose 6.2% year on year to ¥23,437 million. The change is attributable to the impact of yen depreciation and an increase in overseas pharmaceuticals sales volume.

With regard to earnings, operating income rose 20.6% year on year to ¥2,743 million. This result reflects the sales increase, despite the impact of depreciation of the No. 5 Production Building at the Takahagi Plant and higher expenses related to U.S. operations, including the overseas subsidiary. Ordinary income rose 5.8% to ¥4,006 million as a result of factors including a decrease in gain on valuation of foreign currency-denominated assets due to a decrease in the magnitude of yen depreciation compared to the first nine months of the previous year (fiscal 2014). Net income attributable to owners of the parent was ¥3,017 million, at the prior-year level, reflecting the expiration of a temporary tax rate reducing factors applied in fiscal 2014.

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

##### **Pharmaceuticals Business**

##### **-Domestic Pharmaceuticals (¥13,017 million, down 0.8% year on year)**

Both the deliveries to medical institutions and the Company's sales of ARTZ, a joint function improving agent, remained at the prior-year level as a result of the impact of promotion of generics use under circumstance of slight overall market growth.

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

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

##### **-Overseas Pharmaceuticals (¥5,339 million, up 24.1% year on year)**

U.S. sales of SUPARTZ FX\*, a 5-injection joint function improving agent, maintained 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 multi-injection products market. The Company's sales to the U.S. rose, mainly as a result of yen depreciation. On December 21, 2015 (U.S. local time), the Company obtained approval from the U.S. Food and Drug Administration (FDA) for VISCO-3™, a 3-injection kit product. The Company will proceed with preparations for an early launching.

\* The Company changed the brand name in the U.S. from SUPARTZ in October 2015.

Sales of ARTZ in China (P.R.C.) decreased, reflecting factors including a change in the pricing policy by the government. The Company's sales increased as a result of an inventory build-up following 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, reflecting gradual appearance of the effects of expansion of the local sales structure through an

acquisition made by the sales partner. The Company will continue to provide strong support for the sales partner.

**-Bulk Products (¥950 million, down 6.4% year on year)**

Sales decreased as a result of intensification of competition in the market for hyaluronic acid.

As a result of these developments, sales from the pharmaceuticals business rose 4.7% year on year to ¥19,306 million.

**LAL Business**

Sales from the LAL business rose 13.4% year on year to ¥4,130 million as a result of an increase in overseas sales of endotoxin-detecting reagents and other products mainly attributable to the impact of yen depreciation.

**(2) Explanation of forward-looking information, including the forecast of consolidated financial results**

Although the profit level in the forecast of consolidated financial results announced on May 12, 2015 has been achieved, the Company has not revised the forecast, taking into account factors including the future progress of R&D expenses, mainly for SI-6603, indicated for treatment of lumbar disc herniation in the U.S.

#####