

November 7, 2014

SEIKAGAKU CORPORATION
Consolidated Financial Results (Japan GAAP) (Summary)
for the First Six Months of Fiscal 2014
(Six-Month Period Ended September 30, 2014)

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, 2014

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

1. Consolidated Financial Results for the First Six-Months of Fiscal 2014

(from April 1, 2014 to September 30, 2014)

(1) Consolidated Financial Results

(Percentages indicate changes over 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 2014	14,247	(7.5)	1,564	(55.1)	2,109	(44.2)
First six months of fiscal 2013	15,405	16.4	3,488	163.3	3,783	112.4

	Net income		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First six months of fiscal 2014	1,687	(45.9)	29.71	-
First six months of fiscal 2013	3,118	146.3	54.90	-

(Note) Comprehensive income:

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

First six months of fiscal 2013: 3,373 million yen [233.8%]

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	74,964	66,459	88.7
As of March 31, 2014	73,826	64,785	87.8

(Reference) Shareholders' equity:

As of September 30, 2014: 66,459 million yen

As of March 31, 2014: 64,785 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	-	13.00	-	13.00	26.00
Fiscal 2014	-	13.00	-	-	-
Fiscal 2014 (Forecast)	-	-	-	13.00	26.00

(Note) Revision to dividend forecast in the quarter under review: No

3. Forecast of Consolidated Financial Results for Fiscal 2014 (from April 1, 2014 to March 31, 2015)
(Percentages indicate changes over the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2014	29,150	(1.6)	2,750	(44.3)	4,200	(28.5)	3,450	(27.3)	60.73

(Note) Revision to the nearest consolidated results forecast for fiscal 2014: No

4. Others

(1) Changes in the state of material subsidiaries in the quarter under review: No

(2) Adoption of special accounting methods for the preparation of 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, 2014	58,584,093 shares	As of March 31, 2014	58,584,093 shares
(b) Number of treasury stock at the end of the period	As of September 30, 2014	1,778,617 shares	As of March 31, 2014	1,778,266 shares
(c) Average number of shares issued during the period (six months)	First Six Months of fiscal 2014	56,805,675 shares	First Six Months of fiscal 2013	56,806,360 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 was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law had not been completed.

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

The forecasted statement 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 2014

(1) Qualitative information on quarterly financial results

Consolidated operating results

In the first six months (April 1 to September 30, 2014) of the fiscal year ending March 31, 2015 (fiscal 2014), net sales fell 7.5% year on year to ¥14,247 million. This is attributable to factors including National Health Insurance (NHI) drug price reductions in Japan and a decline in shipments to overseas sales partners arising from a relatively high shipment level in the first six months of fiscal 2013, despite increase of net sales due to the impact of yen depreciation.

With regard to earnings, operating income fell 55.1% year on year to ¥1,564 million, reflecting a decrease in gross profit attributable to higher depreciation due to operation of new fixed assets and a decrease in net sales coupled with an increase in R&D expenses resulting from progress on development themes. Ordinary income fell 44.2% to ¥2,109 million and net income fell 45.9% to ¥1,687 million. The smaller rates of decrease for ordinary income, compared to operating income, resulted from factors including the recording of non-operating income on the sale of investment securities.

Net sales by segment

Pharmaceuticals Business

-Domestic Pharmaceuticals (¥8,663 million, down 5.8% year on year)

Deliveries to medical institutions of ARTZ, an injectable treatment for osteoarthritis pain of the knee, were increased due to sales promotion activities by the sales partner, despite a slight decline in the overall market growth. The Company's sales fell, under the impact of NHI drug price reductions.

Although deliveries to medical institutions of OPEGAN, an ophthalmic surgery aid, increased amid a market environment that remains fiercely competitive, the Company's sales decreased, reflecting the impact of NHI drug price reductions.

Deliveries to medical institutions of MucoUp, a surgical aid for use in endoscopic mucosal resection, continued to rise due to penetration of surgical techniques and the Company's sales increased.

-Overseas Pharmaceuticals (¥2,448 million, down 24.9% year on year)

U.S. sales of SUPARTZ, the trademark of ARTZ 3-5 injection products in the U.S., slightly fell as a result of a continuing sales increase for 3-injection products of competitors. The Company's sales to the U.S. fell, due to a reflection of an inventory build-up by the sales partner in the first six months of fiscal 2013.

Sales of ARTZ in China (P.R.C.) continued to increase, mainly among medical institutions in major cities, thanks to the product's excellent reputation for high quality, and the Company's sales remained at the level of the first six months of fiscal 2013 because of local inventory adjustments.

U.S. sales of Gel-One, a single-injection injectable treatment for osteoarthritis pain of the knee sold in the U.S., are steadily increasing, mainly through large pharmaceutical wholesalers due to strengthening of sales promotion activities by the sales partner. Accordingly, the Company's sales remained at the level of the first six months of fiscal 2013, due to shipment ahead of schedule in fiscal 2013. The Company opened the SEIKAGAKU U.S.A. Representative Office in October 2014 and plans to provide even greater support for the

activities of the sales partners.

-Bulk Products (¥652 million, down 23.5% year on year)

Sales of hyaluronic acid fell due to an increasingly fierce market environment.

The sales result of the pharmaceuticals business fell 11.6% year on year to ¥11,765 million.

LAL Business

Sales from the LAL business rose 18.8% year on year to ¥2,482 million as a result of an increase in sales of endotoxin-detecting reagents and the impact of yen depreciation.

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