

February 3, 2012

**SEIKAGAKU CORPORATION**  
**Consolidated Financial Results (Japan GAAP) (Summary)**  
**for the First Nine Months of Fiscal Year 2011**  
**(Nine-Month Period Ended December 31, 2011)**

Stock code number: 4548

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

Listed exchanges: Tokyo

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

**1. Consolidated Financial Results for the First Nine Months of Fiscal Year 2011**

(from April 1, 2011 to December 31, 2011)

**(1) Consolidated Financial Results**

(Percentages indicate changes over the same period in fiscal 2010)

	Net sales		Operating income		Ordinary income	
	Millions of Yen	%	Millions of Yen	%	Millions of yen	%
First nine months of FY 2011	21,020	(0.4)	4,118	34.3	4,137	37.1
First nine months of FY 2010	21,106	(1.3)	3,067	(32.6)	3,018	(33.9)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First nine months of FY 2011	2,728	27.1	48.03	-
First nine months of FY 2010	2,146	(32.6)	37.78	-

(Note) Comprehensive income:

First nine months of FY 2011: ¥2,212 million 18.4%

First nine months of FY 2010: ¥1,868 million -%

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2011	64,874	56,899	87.7
As of March 31, 2011	62,684	56,106	89.5

(Reference) Shareholders' equity:

As of December 31, 2011: ¥56,899million

As of March 31, 2011: ¥56,106 million

**2. Dividends**

	Dividends per share				
	1st Quarter	2 <sup>nd</sup> Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2010	-	12.50	-	12.50	25.00
FY 2011	-	12.50	-	-	-
FY 2011 (Forecast)	-	-	-	12.50	25.00

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

**3. Forecast of Consolidated Financial Results for Fiscal Year 2011** (from April 1, 2011 to March 31, 2012)  
(Percentages indicate changes from in fiscal 2010)

	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 2011	27,000	(0.4)	4,700	+33.0	4,800	+15.4	3,200	+30.5	56.33

(Note) Revision to the nearest consolidated results forecast for the fiscal 2011: 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: No
- (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)	First nine months of fiscal 2011	58,584,093 shares	Fiscal 2010	58,584,093 shares
(b) Number of treasury stock at the end of the period	First nine months of fiscal 2011	1,776,734 shares	Fiscal 2010	1,776,565 shares
(c) Average number of shares issued during the period (nine months)	First nine months of fiscal 2011	56,807,443 shares	First nine months of fiscal 2010	56,807,688 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 Nine Months of the Fiscal Year Ending March 31, 2012**

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

#### **Consolidated operating results**

In the first nine months (April 1, 2011 to December 31, 2011) of the fiscal year ending March 31, 2012 (fiscal 2011), net sales fell 0.4% to ¥21,020 million, due to the impact of yen appreciation, while overseas pharmaceutical sales volume increased.

On the earnings front, operating income rose 34.3% to ¥4,118 million, ordinary income rose 37.1% to ¥4,137 million and net income rose 27.1% to ¥2,728 million. Gross profit increased mainly as a result of cost reductions including depreciation of the No. 4 Production Building at the Takahagi Plant. In addition despite U.S. clinical trial expenses for SI-6603, there was a decrease in R&D expenses due to the non-recurrence of factors including the posting in full of clinical trial expenses in Japan in the first nine months of fiscal 2011,.

#### **1) Net sales by segment**

##### **Pharmaceuticals**

###### **–Domestic (¥14,181 million, down 0.6% compared with the first nine months of fiscal 2010)**

Although the market in Japan for injectable treatments for osteoarthritis pain has expanded as a result of an increase in the aged population and the impact of continuing patient awareness campaigns targeting knee osteoarthritis sufferers conducted together with sales partner Kaken Pharmaceutical Co., Ltd., the growth rate, having maintained a high level for the past several years, slowed because of a trend, lasting into the second quarter of fiscal 2011, of holding off on medical consultation due to the impact of the Great East Japan earthquake, etc. In these circumstances, emphasis on sales expansion activities that capitalized on the brand reputation of ARTZ<sup>®</sup> as the original drug in its category contributed to an increase in deliveries to medical institutions, resulting in a market share increase for ARTZ<sup>®</sup>. The Company's sales of ARTZ<sup>®</sup> rose slightly as a result of a high level of shipments to the sales partner due to the introduction of a new plastic syringe product in fiscal 2010.

Sales of the ophthalmic surgery aid OPEGAN<sup>®</sup> decreased even though the Company continued sales promotion activities focused on target medical institutions conducted in collaboration with sales partner Santen Pharmaceutical Co., Ltd. Deliveries to medical institutions, as well as the Company's sales declined as a result of intensified competition and a decrease in the number of cataract operations following the earthquake disaster. Shipments to medical institutions of MucoUp<sup>®</sup>, a surgical aid for use in endoscopic mucosal resection, increased thanks to a focus on awareness activities to increase penetration of endoscopic surgical techniques conducted in cooperation with sales partner, Johnson & Johnson K.K., despite sluggish growth in the number of endoscopic operations following the earthquake disaster. However, the Company's sales fell as a result of slippage of shipments into the fourth quarter.

###### **–Overseas (¥2,723 million, up 9.9% compared with the first nine months of fiscal 2010)**

U.S. sales of SUPARTZ<sup>®</sup>, the product name of ARTZ<sup>®</sup> in the U.S., rose as the impact of a tightening of insurance reimbursements by some insurance companies nearly ran its course and sales via specialty pharmacies, where SUPARTZ<sup>®</sup> can be sold at comparatively high prices, increased. The Company's export sales to the U.S. rose due to an increase on a volume basis, despite the impact of yen appreciation.

Export sales to China continued to rise. ARTZ<sup>®</sup> enjoys an excellent reputation in China for its high quality and status as a world-first original drug, particularly among medical institutions in major cities. In addition, export sales to Europe increased due to factors including carryover into fiscal 2011 of shipments planned for the end of fiscal 2010 due to the impact of the earthquake.

As a result, overall sales of pharmaceuticals rose 0.9% from the first nine months of fiscal 2010 to ¥16,904 million.

##### **Fine Chemicals**

Although sales in overseas markets of products including endotoxin-detecting reagents for use in quality control developed favorably, sales of fine chemicals fell 5.6% to ¥4,115 million due to yen appreciation and the impact of sales termination of research reagents following discontinuation of the research reagent business at the end of the second quarter of fiscal 2011.

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