

July 29, 2011

**SEIKAGAKU CORPORATION**  
**Consolidated Financial Results (Japan GAAP) (Summary)**  
**for the First Three Months of Fiscal Year 2011**  
**(Three-Month Period Ended June 30, 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 Three Months of Fiscal Year 2011**

(from April 1, 2011 to June 30, 2011)

**(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 three months of FY 2011	6,897	(3.8)	1,646	33.9	1,630	38.9
First three months of FY 2010	7,171	(0.1)	1,229	(23.8)	1,173	(28.9)

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of FY 2011	1,041	41.4	18.33	-
First three months of FY 2010	736	(28.9)	12.96	-

(Note) Comprehensive income:

First three months of FY 2011: ¥1,156 million (109.8%)

First three months of FY 2010: ¥551 million (-%)

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2011	63,397	56,553	89.2
As of March 31, 2011	62,684	56,106	89.5

(Reference) Shareholders' equity:

As of June 30, 2011: ¥56,553 million

As of March 31, 2011: ¥56,106 million

**2. Dividends**

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2010	-	12.50	-	12.50	25.00
FY 2011	-				
FY 2011 (Forecast)		12.50	-	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 the prior 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
First six-month of fiscal 2011	14,200	2.3	2,300	27.8	2,400	39.7	1,500	27.3	26.40
Fiscal 2011	28,000	3.3	4,800	35.9	5,100	22.6	3,300	34.6	58.09

(Note) Revision to consolidated results forecast in the quarter under review: 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 three 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 three months of fiscal 2011	1,776,590 shares	Fiscal 2010	1,776,565 shares
(c) Average number of shares issued during the period (three months)	First three months of fiscal 2011	56,807,515 shares	First three months of fiscal 2010	56,807,685 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. Except for the extraordinary loss currently calculable, no impacts on the Earthquake are included at the forecast.

## **1. Results of Operations for the First Quarter of the Fiscal Year Ending March 31, 2012**

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

#### **Consolidated operating results**

In the first quarter of the fiscal year ending March 31, 2012 (fiscal 2011), net sales fell 3.8% year on year to ¥6,897 million. Sales volume increases in the U.S. and China compensated for a year-on-year decrease in shipments of ARTZ® in Japan following strong shipments in the previous first quarter. So, the decline is mainly attributable to the impact of yen appreciation and a decrease in sales of fine chemicals.

On the earnings front, operating income rose 33.9% year on year to ¥1,646 million, ordinary income rose 38.9% to ¥1,630 million, and net income rose 41.4% to ¥1,041 million, reflecting such factors as a slight increase in gross profit resulting from lower costs. The cost reductions included depreciation of the No. 4 Production Building at the Takahagi and lower R&D expenses related to SI-6603 for the treatment of lumber disk herniation .

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

##### **Pharmaceuticals**

###### **- Domestic**

The market in Japan for ARTZ®, an injectable treatment for osteoarthritis pain of the knee, continued to expand. The market growth is partly attributable to an increase in the aged population, and the impact of patient awareness campaigns targeting knee osteoarthritis sufferers conducted together with sales partner Kaken Pharmaceutical Co., Ltd. Sales expansion activities that capitalized on the brand strength of this original drug contributed to an increase in deliveries to medical institutions, resulting in a market share increase for ARTZ®. However, shipments from Seikagaku to the sales partner decreased from the high level of the previous first quarter, when a new plastic syringe product was introduced.

Sales of the ophthalmic surgery aid OPEGAN® increased year on year. The Company continued sales promotion activities focused on target medical institutions conducted in collaboration with sales partner Santen Pharmaceutical Co., Ltd. Although deliveries to medical institutions fell due to intensified competition and a decrease in the number of cataract operations following the earthquake disaster, inventory adjustments on the part of the sales partner contributed to the sales increase.

Sales of MucoUp®, a surgical aid for use in endoscopic mucosal resection, also increased, due in part to a focus on awareness activities to increase penetration of endoscopic surgical techniques conducted in cooperation with our sales partner, Johnson & Johnson K.K.

###### **- Overseas**

The scale of the decline in U.S. sales of SUPARTZ®, the product name of ARTZ® in the U.S., decreased from the first quarter of the previous fiscal year as the impact of a tightening of insurance reimbursements by some private insurance companies ran its course and sales via specialty pharmacies where SUPARTZ® can be sold at comparatively high prices increased. The Company's export sales to the U.S. increased due to factors including a build-up of inventories at our sales partner in the U.S., despite the impact of yen appreciation. In addition, export sales to China continued to rise. ARTZ® enjoys an excellent reputation in China for its high quality and globally proven performance, particularly among medical institutions in major cities.

All in all, sales of pharmaceuticals fell 1.0% from the previous first quarter to ¥5,587 million.

##### **Fine Chemicals**

Although sales in overseas markets of endotoxin assay reagents used in quality control and other products developed favorably, sales of fine chemicals fell 14.3% year on year to ¥1,309 million due to yen appreciation, postponement of shipments of hyaluronic acid, and the transfer of the in-vitro diagnostic business in the previous fiscal year's first quarter of the business.