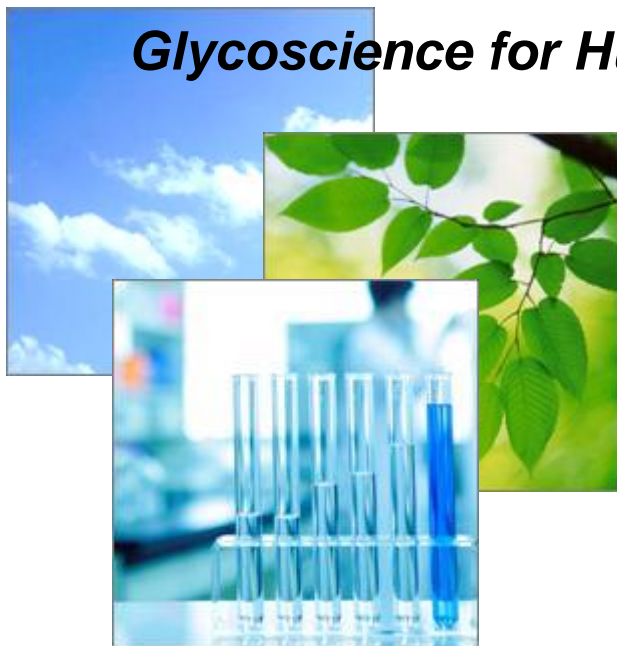


Glycoscience for Human Well-being



Financial Results for the Fiscal Year 2010

(April 1, 2010—March 31, 2011)



SEIKAGAKU CORPORATION



<http://www.ehiza.jp/>

Impact of the Great East Japan Earthquake—1

◆ Production Situation

- (1) Takahagi Plant (Takahagi City, Ibaragi Prefecture, pharmaceutical manufacturing)
 - Inventory shipments resumed on March 23
 - No. 4 production building, operation resumed on April 11, following restoration of infrastructure
 - All production buildings, operation resumed by April 29
- (2) Kurihama Plant (Yokosuka City, Kanagawa Prefecture, pharmaceutical bulk manufacturing)
 - Normal production resumed on March 14
- (3) Sanriku Kakou Corporation (subsidiary, Kesenuma City, Miyagi Prefecture, processing of chondroitin sulfate raw materials)
 - The resumption of operations is uncertain
 - Maintaining stable supplies of chondroitin sulfate through increased sourcing of raw materials from other suppliers

Impact of the Great East Japan Earthquake—2

◆ Impact on Performance

(1) Financial results for FY 2010

Extraordinary losses of ¥932 million, including earthquake costs (e.g. cost of facility repairs at the Takahagi Plant, impairment losses on the valuation of land owned by Seikagaku and rent to Sanriku Kakou)

(2) Forecasts for year ending March 2012 (FY 2011)

Only disaster-related costs that can be calculated are being estimated (extraordinary losses).

◆ Donations

The following donations have been made through the Central Community Chest of Japan for use in disaster relief and recovery support for victims of the disaster.

1. Donations ¥50 million
2. Additional matching donations ¥4 million

Financial Results for FY2010

(Millions of yen)

	FY 2010 Results	FY 2009 Results	Vs. Previous Year	Forecast 2010/11/9 Announced	Vs. Forecast
Net Sales	27,117	27,617	-499 (-1.8%)	27,200	-82 (-0.3%)
Operating Income	3,533	5,110	-1,577 (-30.9%)	3,300	+233 (+7.1%)
Ordinary Income	4,159	5,114	-955 (-18.7%)	3,400	+759 (+22.3%)
Net Income	2,451	3,575	-1,123 (-31.4%)	2,700	-248 (-9.2%)
R&D Expenses	6,723	5,517	+1,205 (+21.9%)	6,900	-176 (-2.6%)
R&D Expenses Ratio (to Net Sales)	24.8%	20.0%	+4.8pt	25.4%	-0.6pt
Net Income per Share	¥43.16	¥62.94	-¥19.78	47.53円	-¥4.37

Average Exchange Rate(1US\$)

¥85.72

¥92.86

¥83.00

(2nd half forecast)

Net Sales in FY 2010 (Year-on-year)

Net sales: ¥27,117 (-¥499/-1.8%)

(Millions of yen)

【Pharmaceuticals: ¥21,184 (-¥221)】

- Japan (+¥653)

ARTZ[®]: Cuts in NHI drug prices outweighed by higher sales volumes

OPEGAN[®]: Marginal decline despite higher sales volumes because of NHI drug price cuts

MucoUp[®]: Growth reflecting increased use of endoscopic surgery

- Overseas (-¥875)—Change in accounting category for milestone royalty income: approx. -300 high yen: approx. -¥260

United States: Decline caused by high yen and tightening of insurance reimbursement criteria by some private insurance companies

China: Higher thanks to increased local sales

【Fine Chemicals: ¥5,933 (-278)】

- Research Reagents and Diagnostics (-¥357): Decline attributable to high yen and lower domestic sales (ACC sales higher on local currency basis)

- Bulk products (+¥79): Increased sales of hyaluronic acid

◆**Point:** Domestic sales of ARTZ[®] were higher because cuts in NHI drug prices were offset by volume growth, but overseas sales of pharmaceuticals (including royalties) and research reagents and diagnostics were lower.

Income in FY 2010 (Year-on-year)

Operating income: ¥3,533 (-¥1,577/-30.9%)

(Millions of yen)

【Costs (-¥13)】

Volume growth in domestic sales of ARTZ[®], lower depreciation on No. 4 Production Building—Cost ratio: 38.6% (+0.2pt) (excluding milestone royalties)

【SG&A expenses (+¥1,091)】

R&D expenses ¥6,723 (+¥1,205): Posting in full of expenses for domestic trials and prototyping for SI-6603 included in accounts for FY2010, other costs lower

Net income: ¥2,451 (-¥1,123/-31.4%)

【Royalties received (+¥567)】

Change in accounting category for milestone royalties

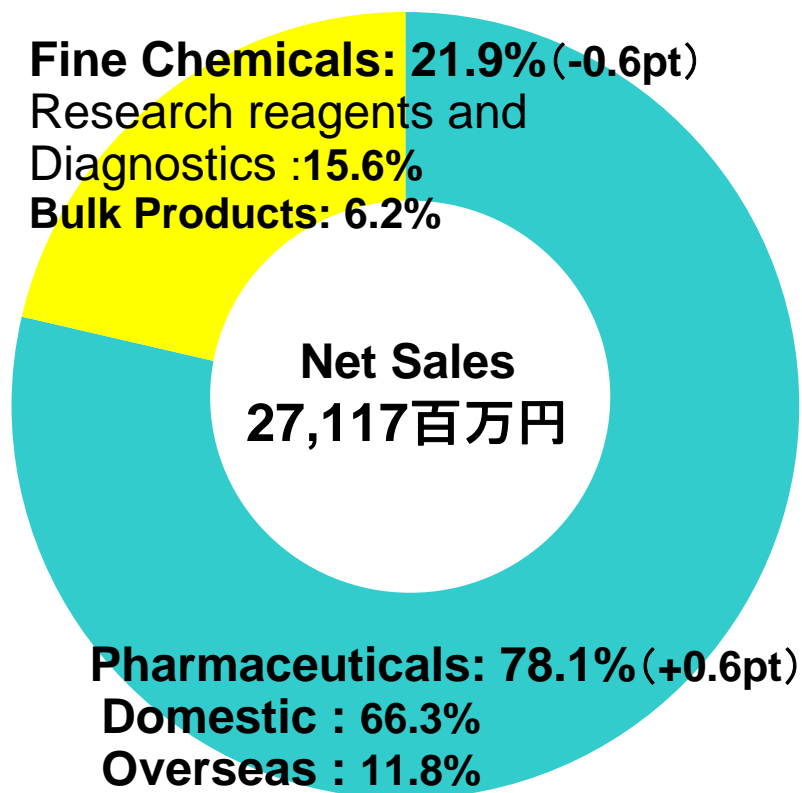
【Extraordinary losses (+¥984)】

Disaster recovery costs and impairment losses on the valuation of land (+¥932)
Asset retirement obligations from previous years included in accounts for year ended March 2011 (+¥51)

◆**Point:** In addition to a decline in gross profit on sales, income was also reduced by higher R&D expenses relating to progress with SI-6603 and extraordinary losses, including earthquake repair costs.

Net Sales by Business Segment

(Millions of Yen)



Segment	Net Sales	vs. Previous Period	Change
【Pharmaceuticals】	21,184	-221	-1.0%
Domestic	17,976	+653	+3.8%
Overseas	3,207	-875	-21.4%
【Fine Chemicals】	5,933	-278	-4.5%
Research reagents and Diagnostics	4,240	-357	-7.8%
Bulk Products	1,692	+79	+4.9%
Total	27,117	-499	-1.8%
(Overseas Sales)	5,710	-943	-14.2%



Comparison with Forecasts for FY 2010 (announced on Nov. 9, 2010)

Net sales: ¥27,117 (-¥82/-0.3%)

(Millions of yen)

- ◆ Pharmaceuticals (-¥115): Higher domestic sales of ARTZ®
Some overseas shipments carried forward into next fiscal year
- ◆ Fine chemicals (+¥33): Lower sales of research reagents offset by increased sales of endotoxin-assay reagents

Operating income: ¥3,533 (+¥233/+7.1%)

- ◆ Cost of sales (approx. +¥100): Increase caused by higher domestic sales volumes
- ◆ SG&A expenses (approx. -¥400): Reduced R&D expenses (-¥176)
(forecast: ¥6,900, actual: ¥6,723), sales-related expenses, etc., also lower

Net income: ¥2,451 (-¥248/-9.2%)

- ◆ Royalties received: Income from milestone royalties
- ◆ Extraordinary losses: Disaster recovery costs and impairment losses on land

◆Point: Net sales were basically in line with forecast. SG&A expenses, including R&D expenses, were lower, and there was income from royalties. However, net income fell below target because of extraordinary losses resulting from the earthquake.

Overview of Forecast for FY2011

(Millions of Yen)

	FY2011 Forecast	FY2010 Results	vs. Previous Year
Net Sales	28,000	27,117	+882 (+3.3%)
Operating Income	4,800	3,533	+1,266 (+35.9%)
Ordinary Income	5,100	4,159	+940 (+22.6%)
Net Income	3,300	2,451	+848 (+34.6%)
R&D Expenses	5,900	6,723	-823 (-12.2%)
R&D Expenses Ratio (to Net Sales)	21.1%	24.8%	-3.7pt
Net Income per Share	¥58.09	¥43.16	-¥14.93

Average Exchange
Rate (1US\$)

¥83.00
(Assumption)

¥85.72

Forecasts for FY 2011 (year-on-year)

Net sales: ¥28,000 (+¥882/+3.3%)

(Millions of yen)

【Pharmaceuticals (+¥1,215)】

- ◆ Domestic (+¥1,023): Continued steady growth in sales of ARTZ®
- ◆ Overseas (+¥192): Strong local sales in China and Italy, growth also aided by shipments carried forward from the previous fiscal year

【Fine Chemicals (-¥333)】

- ◆ Research Reagents and Diagnostics (-¥440): High overseas sales, but total sales lower because of discontinuation of research reagent business
- ◆ Bulk Products (+¥107): Increased sales of hyaluronic acid

Operating Income: ¥4,800 (+¥1,266/+35.9%)

- ◆ Cost of sales (approx. -¥300): Impact of higher sales volumes offset by reduced depreciation on No. 4 Production Building
- ◆ SG&A expenses (approx. -¥150): R&D expenses (-¥823, posting in full of Japanese trial costs for SI-6603 included in the previous fiscal year), increases in other cost items, including sales expenses

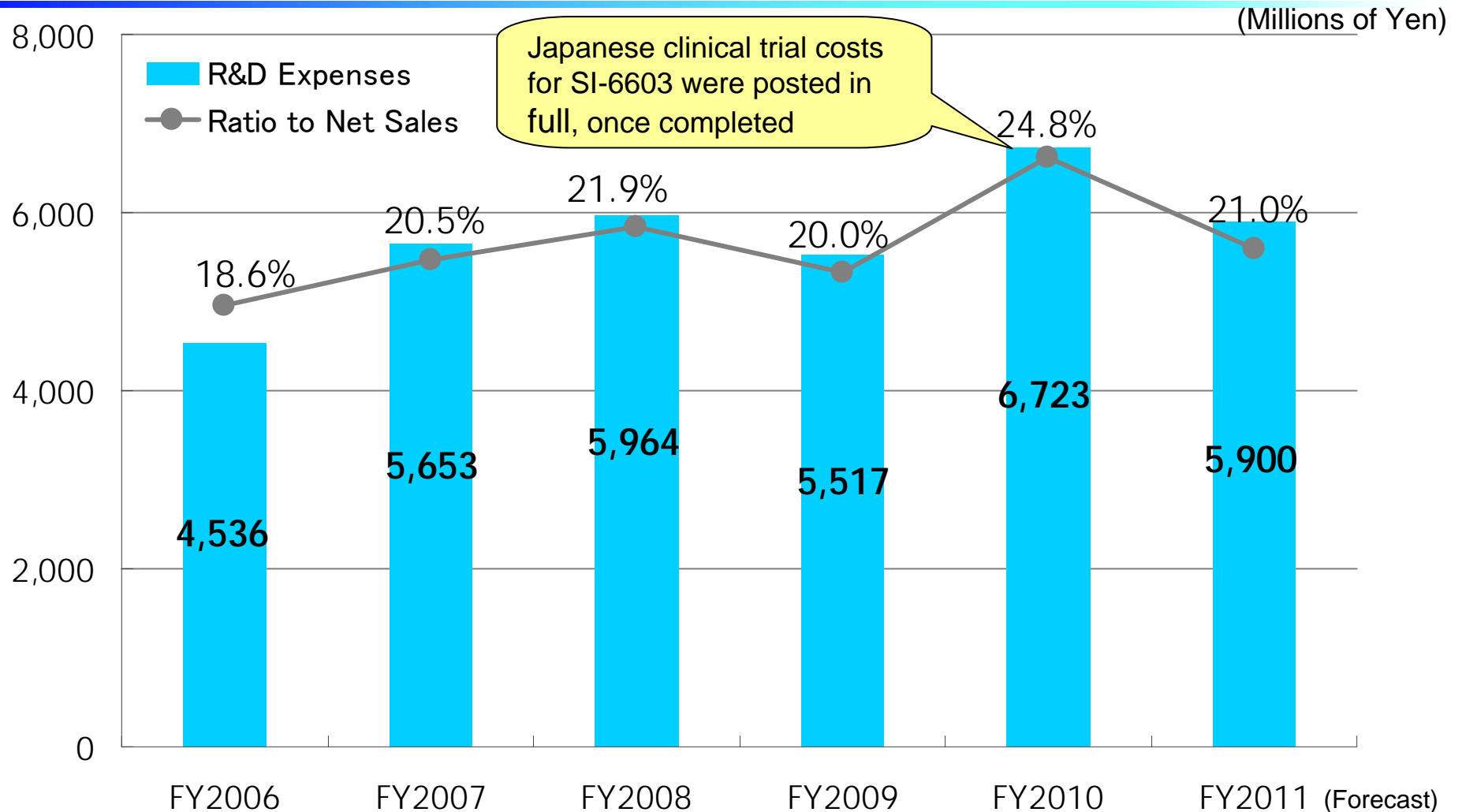
Net Income: ¥3,300 (+¥848/+34.6%)

- ◆ Non-operating income and expenditure: Lower exchange losses, but income from milestone royalties reduced
- ◆ Extraordinary losses: Reduction of earthquake-related extraordinary losses

Note: Except for the extraordinary losses, the Great East Japan Earthquake is not expected to impact on performance.

◆ **Point:** Higher domestic sales of ARTZ® and overseas sales of pharmaceuticals, higher income due to reductions in R&D expenses and extraordinary losses

Trend in R&D Expenses and Ratio to Net Sales



◆ **Point:** R&D expenses **increased due to the posting in full of cost** for Japanese clinical trails of SI-6603 once completed (FY2010)
 R&D expenses will come back to **a level of 20% to net sales (FY2011)**

FDA Approval Obtained for Gel-One® cross linked Hyaluronate (Gel-200)

【Date of Approval】

March 22, 2011 (U.S. time)

【Plan to Launch】

Aim to launch during 2011



- ◆ Substance Name: Cross-linked hyaluronate
- ◆ Indication: Treatment of pain in osteoarthritis of the knee
- ◆ Usage: Injection into the knee joint (single injection)
- ◆ Sales Partner: Zimmer, Inc. (Indiana, USA)
- ◆ Features
 - 1) The main ingredient is a cross-linked hyaluronate hydrogel produced using a cross-linking technology developed by Seikagaku.
 - 2) Hyaluronic acid injections are intended to replace natural hyaluronan which provides the lubrication properties within the knee joints.
 - 3) Gel-One® is a high viscosity cross-linked hyaluronate hydrogel that provides significant pain-relief in a single injection

Hyaluronic Acid Market in the U.S.

- ◆ **65-and-older population in the U.S.**
Expected to increase by **more than 3% per year through 2025**
- ◆ **Market scale of HA injections (Estimate)**
\$635 million
- ◆ **Number of knee osteoarthritis patients in the U.S. (Estimate)**
Latent patients: **125 million**
Actual patients: **15 million**
- ◆ **Market trend**
 - **Cost-cutting measures by private insurance companies**
 - **The single injection product market is now growing**

Expansion Strategy of Seikagaku in the U.S.

Provide treatment options for knee osteoarthritis patients

Gel-One® Cross-linked Hyaluronate (Single injection) Sales partner: Zimmer

- » High safety demonstrated in clinical trials
- » Efficacy equivalent to multiple-injection products
- ⇒ Opening up for the single-injection products and increase market share.



Diversification



SUPARTZ®

(Multiple injections)

Sales partner: Smith & Nephew

- » World's leading product (high quality and safety)
- » "SUPARTZ Direct:" (Insurance reimbursement support system)
- » 「My Knee and Me」: Discovery and satisfy needs to a multiple-injection product.



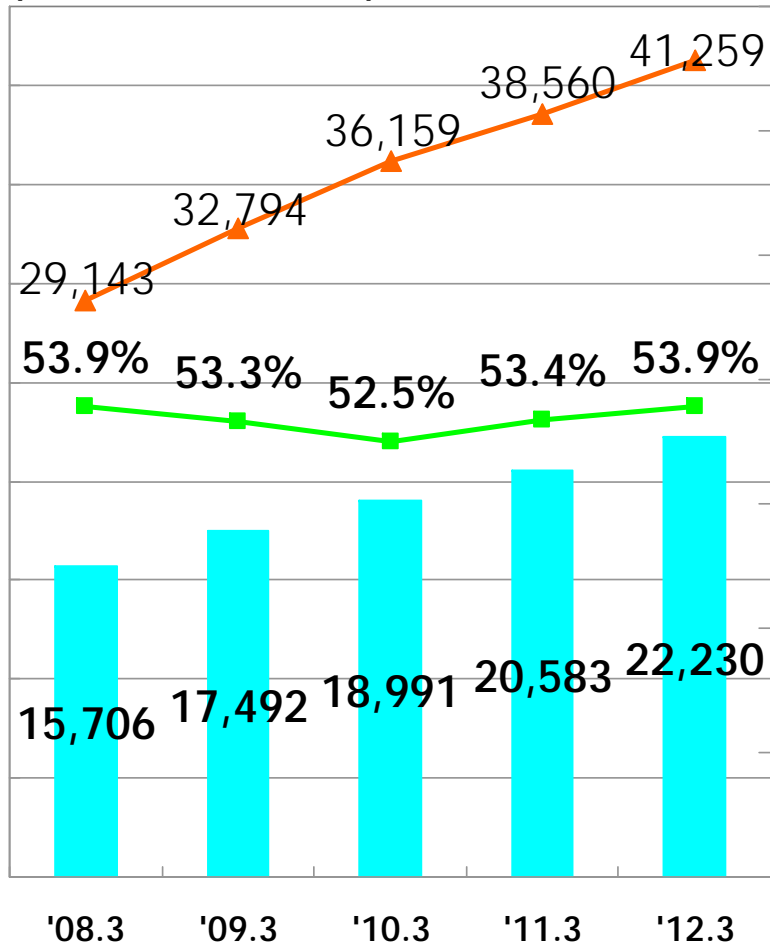
Market Penetration

Patient website "My Knee and Me"

Domestic Sales of ARTZ® (Unit Deliveries to Medical Institutions)

Deliveries of ARTZ® to medical institutions

(Thousands of units)



■ Units delivered to medical institutions
▲ Market (units)
■ Share

Results for year ended March 2011 (year-on-year)

<<Market>>: +6.6%

Positive factors

Growth of aged population, continuing efforts to raise awareness of diseases

Negative factors

Distribution systems partially disrupted in March because of the earthquake

<<ARTZ®>>: +8.4%

- Enhancement of brand image as a pioneering product

- Introduction of plastic syringe products

- Impact of NHI drug price cuts on Seikagaku sales (-7.7%) offset by higher volumes

Market share up by 53.4% (0.9pt) year on year

Forecast for year to March 2012 (year-on-year)

<<Market>>: +7.0%

<<ARTZ®>>: +8.0%

- Growth in excess of market expansion targeted through continuing marketing efforts backed by brand strength

Note: The Great East Japan Earthquake is not expected to impact on sales. (Any effect will be limited.)

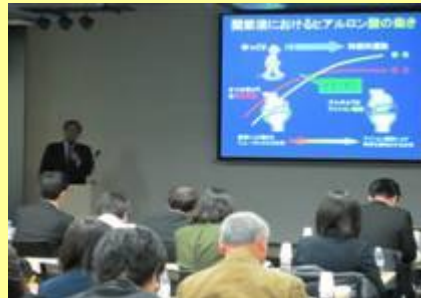
ARTZ® improves joint function and relieves pain. Its main ingredient is hyaluronic acid.

Policies Targeting Expansion of Market and ARTZ® Sales

Market expansion through campaign to raise awareness of diseases

Survey on awareness about knee pain

- 80% of people would not seek medication for knee pain.
- 70% of people who receive medication experience alleviation of pain.



Approximately 1,000 potential patients were surveyed. The results were presented at a media seminar in February 2011.



Disease awareness programs were broadcast on the TV Tokyo network in March 2011.

Measures to increase the use of ARTZ® in prescriptions

Plastic syringes launched onto market in June 2010

- Approaches to medical institutions using brochures and other disease awareness materials
- Increased sales promotion efforts targeting medical specialties other than orthopedic surgeons

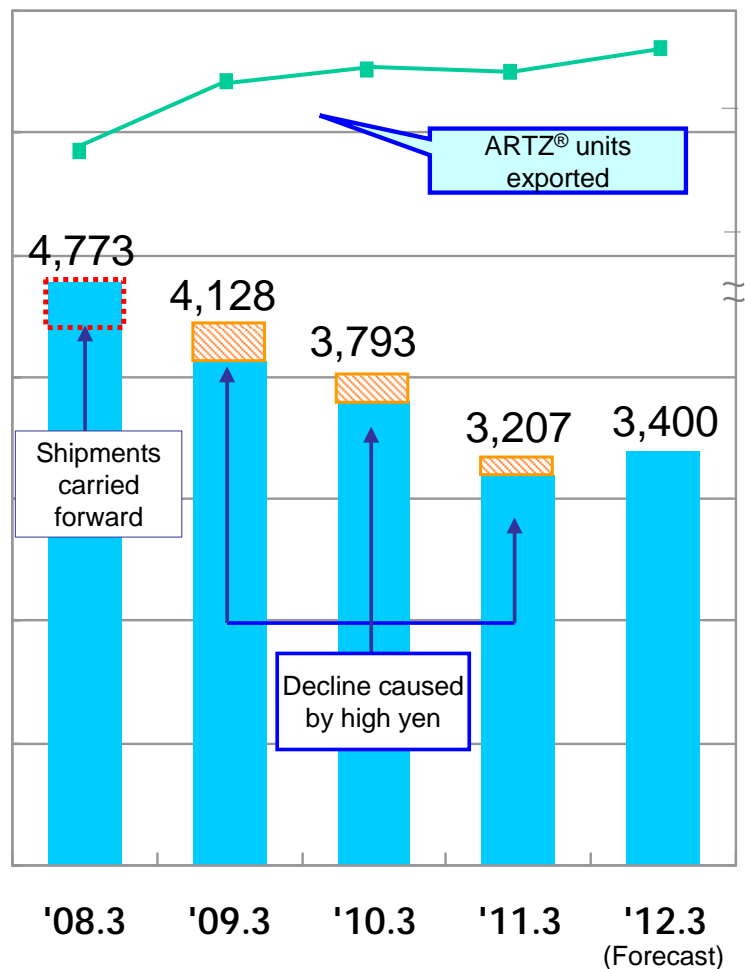


ARTZ Dispo® in plastic syringes

Overseas Sales of Pharmaceuticals (Value Basis)

Overseas Pharmaceutical Sales

(Millions of yen) (Thousands of units)



■ FY 2010 : -15.4% (year-on-year)

<<United States>>

- Local sales: -8.1%

Volume decline caused by tightening of insurance reimbursement criteria by some private insurance companies, unit price decline halted

- Seikagaku export sales: -19.7%

Build-up of local inventories at end of previous fiscal year, impact of high yen (approx. -8%)

<<Other markets>>

- Seikagaku export sales: -0.8%

Effect of carrying forward of shipments to Italy and suspension of insurance reimbursements in Scandinavia offset by increased local sales in China (+25%)

■ Forecasts for FY 2011 : +6.0% (year-on-year)

<<United States>>

- Local sales of SUPARTZ®: We aim to capture demand for multiple-dose products and reduce volume declines through insurance reimbursement support and web-based campaigns.

- Local sales of Gel-One®: Scheduled to go on sale in 2011

- Seikagaku export sales: +1.8%—The impact of high yen will have peaked out.

<<Other markets>> +17.6%

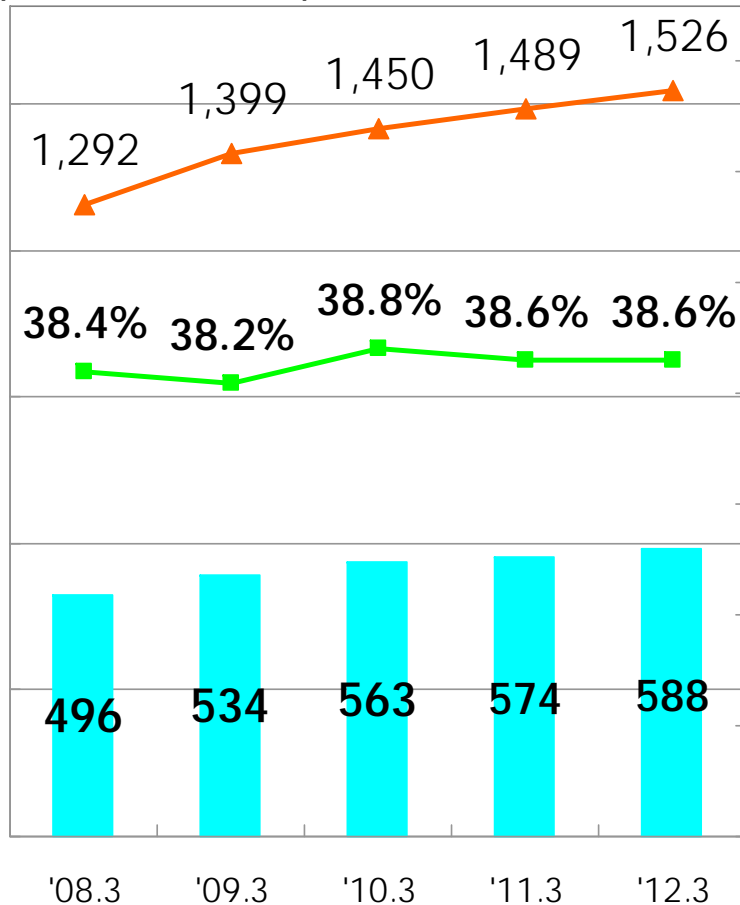
- Continued growth in China, increased local sales in Italy

Historical ratios have been recalculated retrospectively to reflect the fact that milestone royalties were shifted from net sales to non-operating income from the year ended March 2011 onwards.

OPEGAN[®] Sales (Deliveries to Medical Institutions)

OPEGAN[®] Deliveries to Medical Institutions

(Thousands of units)



■ Units delivered to medical institutions
▲ Market (units)
■ Share

■ FY 2010 (year-on-year)

<<Market>>: +2.7%

- Growth of aged population reflected in increased number of cataract operations

<<OPEGAN[®]>>: +1.9%

- Faced with escalating competition, we continued to implement marketing campaigns that brought high levels of customer satisfaction.

■ Forecasts for FY 2011 (year-on-year)

<<Market>>: +2.5%

- Growth rate expected to be similar to previous year's level

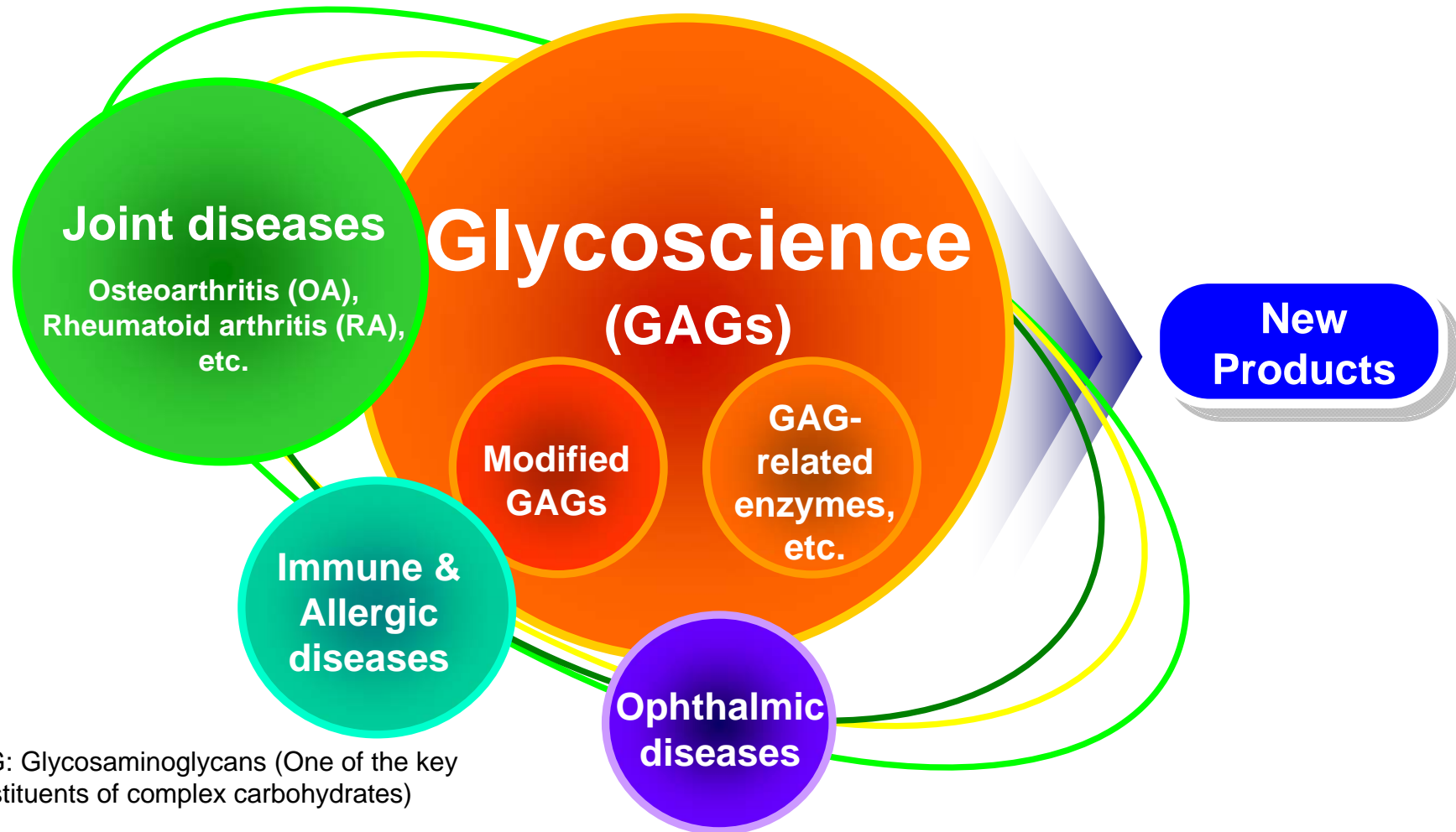
<<OPEGAN[®]>>: +2.5%

- We aim to achieve growth similar to the market growth rate by focusing on measures to combat competition and marketing strategies based on product characteristics.

Note: The Great East Japan Earthquake is not expected to impact on sales. (Any effect will be limited.)








OPEGAN[®] is an ophthalmic surgical aid. Its main ingredient is hyaluronic acid.

Basic Policy on Research and Development



◆ **Point:** Our strategy is to focus on our specialist field of glycoscience, and to bring new products to market early and continuously through a balanced combination of in-house development and in-licensing.

Pipeline List

Development code/ Product name etc.	Lead Indication	Target Market	Pre-clinical	P I	P II	P III	Applica- tion	App- roval
Gel-One [®] (Gel-200) Cross-linked hyaluronate	Knee osteoarthritis	U.S.		Approval in March 2011				
SI-602 Hyaluronic acid	Shoulder osteoarthritis (Label extension for SUPARTZ [®])	U.S.		Withdrawn in March 2011				
SI-6603 Condoliase ^{*1}	Lumbar disc herniation	Japan		Phase II/III completed in December 2010				
		U.S.						
SI-615 Adenosine A3 receptor agonist	Rheumatoid arthritis	Japan						
SI-636 Anti-VAP-1 antibodies	Rheumatoid arthritis, Psoriasis, Inflammatory bowel disease	Japan						
	Ophthalmic products							
	Arthritic disorder products							

SI-6603 Reaches the Application Stage in Japan

- ◆ **Substance:** Condoliase*¹
- ◆ **Indication:** Lumbar disc herniation
- ◆ **Method of use:**
Injection into lumbar disc (under X-ray observation)
- ◆ **Current stage**

Japan: PII/III completed, preparation for application

- Trial Overview:

Randomized, double-blind, placebo-controlled trial involving 195 patients with lumbar disc herniation

- Trial Results:

- ◎ **Primary endpoint:** “Change in VAS* value of leg pain 13 weeks after administration”



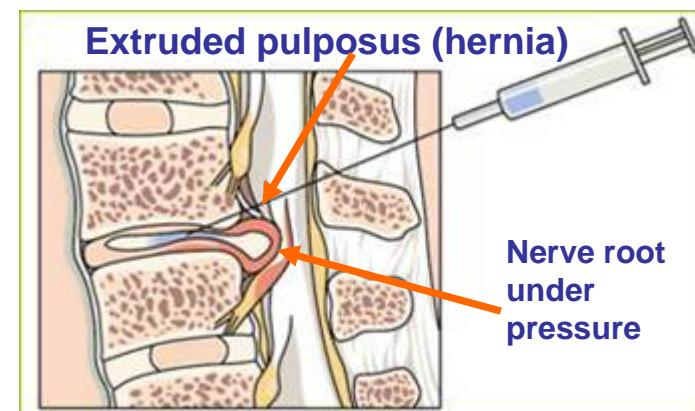
Significant improvement of leg pain compared with placebo was demonstrated

- ◎ **Safety:** Well tolerated with no major safety concerns

- **Approval of Application:** Planned in second half of 2011

United States: PII underway

Trial subject enrollment is progressing steadily

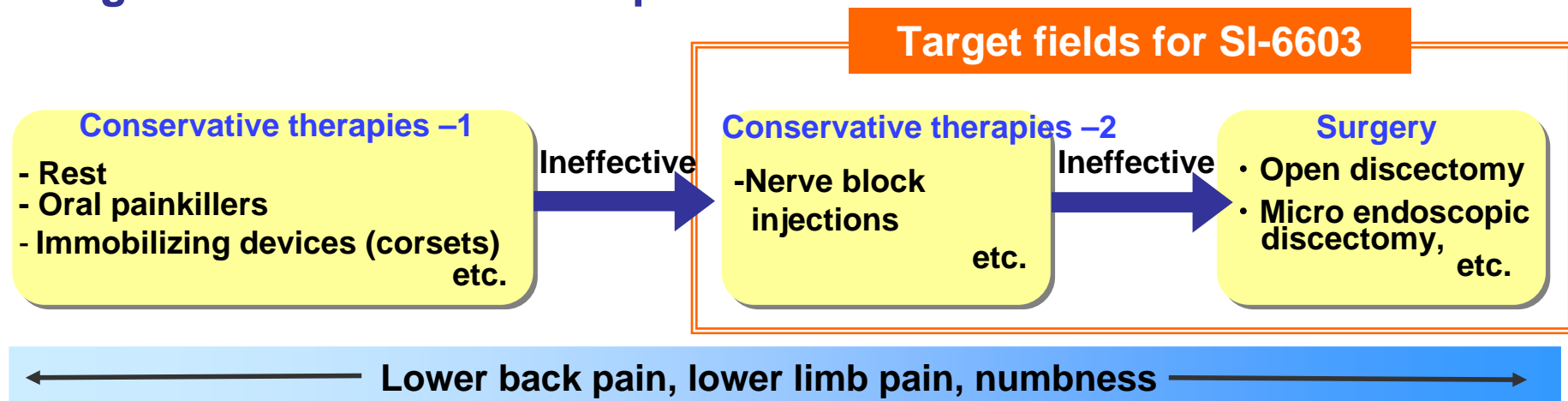


Features and Target Fields for SI-6603

◆ Features :

- Pain alleviated by reducing hernia-related nerve pressure through the specific degradation of GAGs (chondroitin sulfate, etc.), which are the main components of the nucleus pulposus
- No breakdown of proteins, so no effect on other tissues (blood vessels, nerves, etc.)
- Single-injection treatment with SI-6603 expected to become an alternative to surgery

◆ Target fields and estimated patient numbers:



It is estimated that 10-20% of the 1.1 million patients* diagnosed with lumbar disc herniation in Japan each year would be treated with SI-6603.

*Estimated by Seikagaku using prescription data compiled by a research company.

PMA Withdrawal of SI-602

- ◆ Substance : Sodium hyaluronate
- ◆ Indications: Shoulder osteoarthritis
(additional indication for SUPARTZ in the United States)
- ◆ Administration method: Injection into shoulder joint



【Date of Withdrawal】

March 30, 2011 (U.S. Time)

【Reason of Withdrawal】

Additional trials requested by FDA

- ◆ Features
 - Cartilage coated with hyaluronic acid to improve lubrication in shoulder joint cavity
 - Jointly developed with sales partner, Smith & Nephew
 - Periarthritis of shoulder already included in indications for ARTZ in Japan

Capital Investment Plans

◆ Production facilities for chondroitin sulfate bulk (Kurihama Plant/Fukusaku)

- (1) Purpose: To replace aging existing facilities and centralize production areas
- (2) Amount of investment: Approx. ¥1,100 million
- (3) Construction plan: Start—May 2011, completion—January 2012, operational—July 2012

◆ Production facilities for hyaluronic acid bulk (Kurihama Plant/Fukusaku)

- (1) Purpose: To support increased production of hyaluronic acid formulations
- (2) Amount of investment: Approx. ¥3,500 million
- (3) Construction plan: Start—January 2012, completion—March 2013, operational—April 2014

◆ No. 5 Production Building (Takahagi Plant)

- (1) Purpose: To meet increased production demand of ARTZ Dispo[®]
- (2) Amount of investment: Approx. ¥9,800 million
- (3) Construction plan: Start—March 2012, completion—July 2013, operational—January 2015

Discontinuation of Research Reagent Business

◆ Reasons for Discontinuation

- (1) Economic stagnation is resulting in the merger or closure of research facilities.
- (2) The market environment has become more difficult with the influx of competitors.
⇒ We have concluded that earnings from the research reagent business are unlikely to expand.

◆ Sales from the Research Reagent Business (year ended March 2011)

Net sales: Approx. ¥800 million

Ratio to consolidated net sales: Approx. 3%

Basic Policy on Profit Distribution

◆ Dividends

A performance-based dividend policy emphasizing the dividend payout ratio is in place, on a ¥20 per share annual base. We will aim for further improvements, while maintaining a consolidated base dividend payout ratio of 30%.

◆ Internal Reserve

Appropriated for R&D, and capital investment, etc., in accordance with medium-term focus

◆ Flexible Capital Policy

Share buy-back is an option for improving capital efficiency

	FY2007	FY2008	FY2009	FY2010	FY2011 (Forecast)
Net Income per Share	¥73.67	¥55.68	¥62.94	¥43.16	¥58.09
Annual Total Dividend	* ¥30.00	¥25.00	¥25.00	¥25.00	¥25.00
Dividend Payout Ratio	40.7%	44.9%	39.7%	57.9%	43.0%

* The dividend for FY2007 includes a ¥5 commemorative dividend to mark the Company's 60th anniversary.

Ten-Year Vision and Mid-term Plan

The Seikagaku Corporation Ten-Year Vision

“Global Category Pharma”

- Converge major R&D resources on Glycoscience
- Develop internationally competitive products

Build up a new market every 3 years, by launching a new product, and/or developing new regions

Mid-term Plan FY2009–2011

Foster the basic corporate strength and develop the core systems essential to realization of the Ten-Year Vision

Theme **GPS (Global, Powerful, Sustainable)**

Accurately assess the current position and move toward the future through powerful and sustainable action in the right direction

Analysis of Numerical Targets under Medium-term Plan

(Millions of yen)

	Targets under Medium-term Plan Ending March 2012	Forecasts for Year Ending March 2012	Analysis of Variance
Net Sales	30,500	28,000	<ul style="list-style-type: none"> - Bigger than expected increase in domestic sales volume of ARTZ[®] - Worsening market environment for research reagents - Impact of high yen - Volume decline in U.S. sales volume of SUPARTZ[®]
Operating Income	6,000	4,800	<ul style="list-style-type: none"> - SG&A expenses basically the same as anticipated - R&D expense ratio (forecast for year ending March 2012): 21.4% <p>⇒ decline in operating income corresponding to net sales decline</p>

Assumption Rate ¥93.00 ¥83.00
(1US\$)

Progress toward Priority Items under Medium-term Plan

Priority Item	Progress and Prospect for Achievement in Year Ending March 2012
<p>Sales growth in Japanese market (ARTZ[®]/OPEGAN[®])</p>	<p>ARTZ[®]: Continuing disease awareness campaigns, introduction of plastic containers ⇒ Deliveries to medical institutions up by an average of over 8% from the year ended March 2009 OPEGAN[®]: sales growing, market share expanding</p>
<p>Launch of Gel-One[®] on U.S. market</p>	<p>FDA approval gained in March 2011, aiming for market launch before end of year</p>
<p>Sales growth in markets other than U.S.A. (China, etc.)</p>	<p>China: Central hospitals in major cities mostly covered, continuing growth ⇒ Export sales expected to increase by 60% in year ending March 2012 compared with year ended March 2009 Italy: Sales expanding thanks to introduction of 5-unit pack</p>
<p>Sales growth in fine chemicals business (Seikagaku Bio/ACC)</p>	<p>ACC: Figures firmly positive since year ended March 2009 Changes to business: Research reagent business to be discontinued in year ending March 2012, focus on pharmaceutical bulk and LAL reagents</p>
<p>Addition of shoulder osteoarthritis indication for SUPARTZ[®]</p>	<p>FDA application withdrawn in March 2011</p>

Cautionary statement regarding forward-looking information

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kind.

(Appendix)

◆ Change in Accounting Category for Royalties

The accounting category for income from royalties has been changed as follows, effective from the year ended March 2011.

Type of Royalties	Accounting Category	
	After Change	Before Change
Licensing Royalties Royalties relating to licensing of patents, etc.	Net sales	Net sales
Milestone Royalties Royalties designed to allow the early recovery of R&D expenses as each milestone is reached on the path from production development to marketing	Non-operating income	

Reasons for change:

It was judged that the presentation of income from milestone royalties as non-operating income would more clearly represent the results of operating activities.

◆ Changes to Sales Segment Reporting

As a result of changes to accounting standards, our results for the current quarter are based on two segments: pharmaceuticals and fine chemicals. The sales items included in each segment are as follows.

1) Pharmaceuticals

Domestic pharmaceuticals: Sales relating to pharmaceutical products business in the domestic market

Overseas pharmaceuticals: Sales relating to exports of pharmaceutical products business

2) Fine chemicals

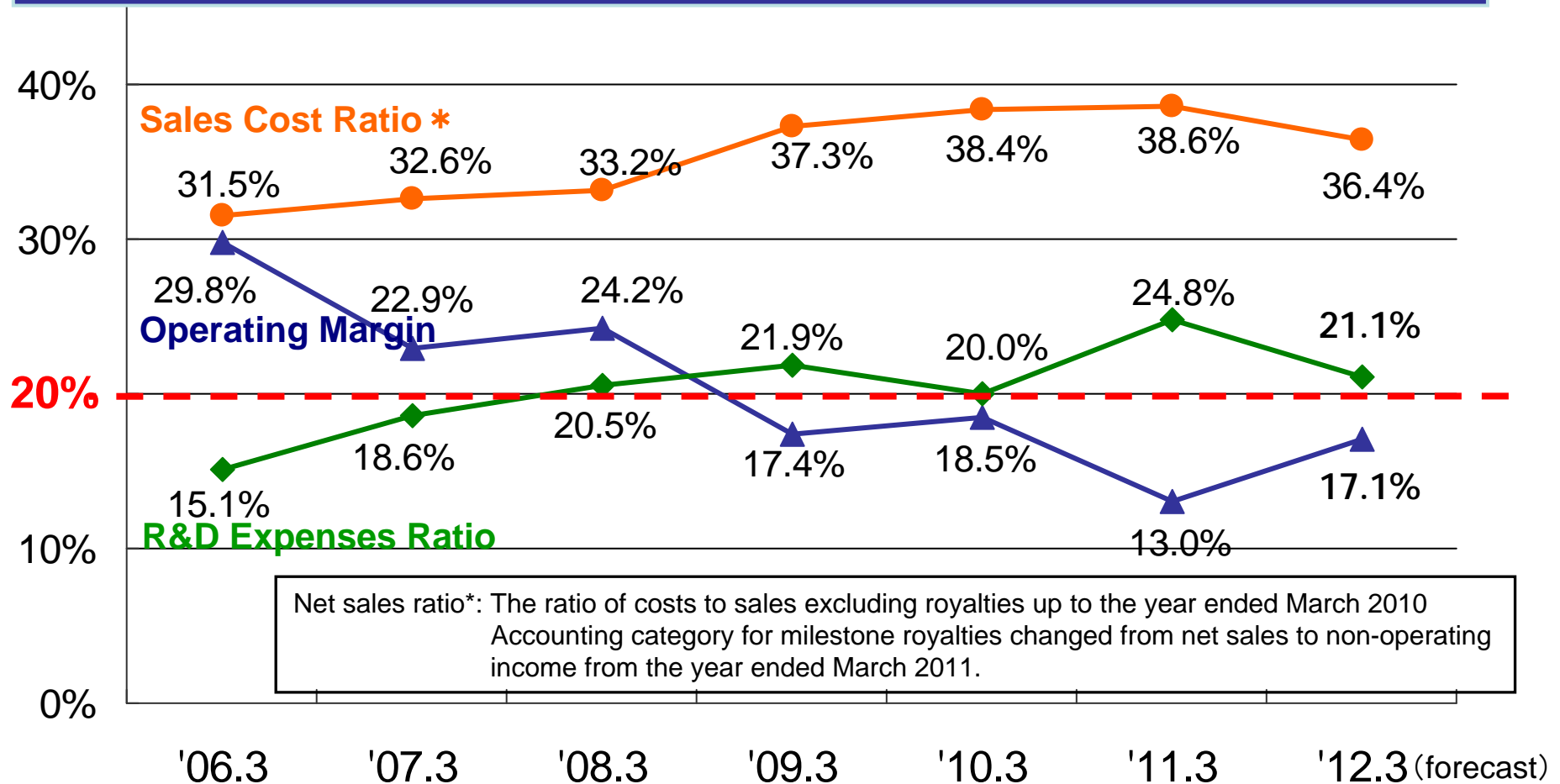
Reagents and diagnostics: Sales relating to reagents and diagnostics business

Bulk products: Sales relating to active pharmaceutical ingredients and the health food raw material business, etc.

To allow comparisons with the same period in the previous year, the results for that period were recalculated to reflect these changes.

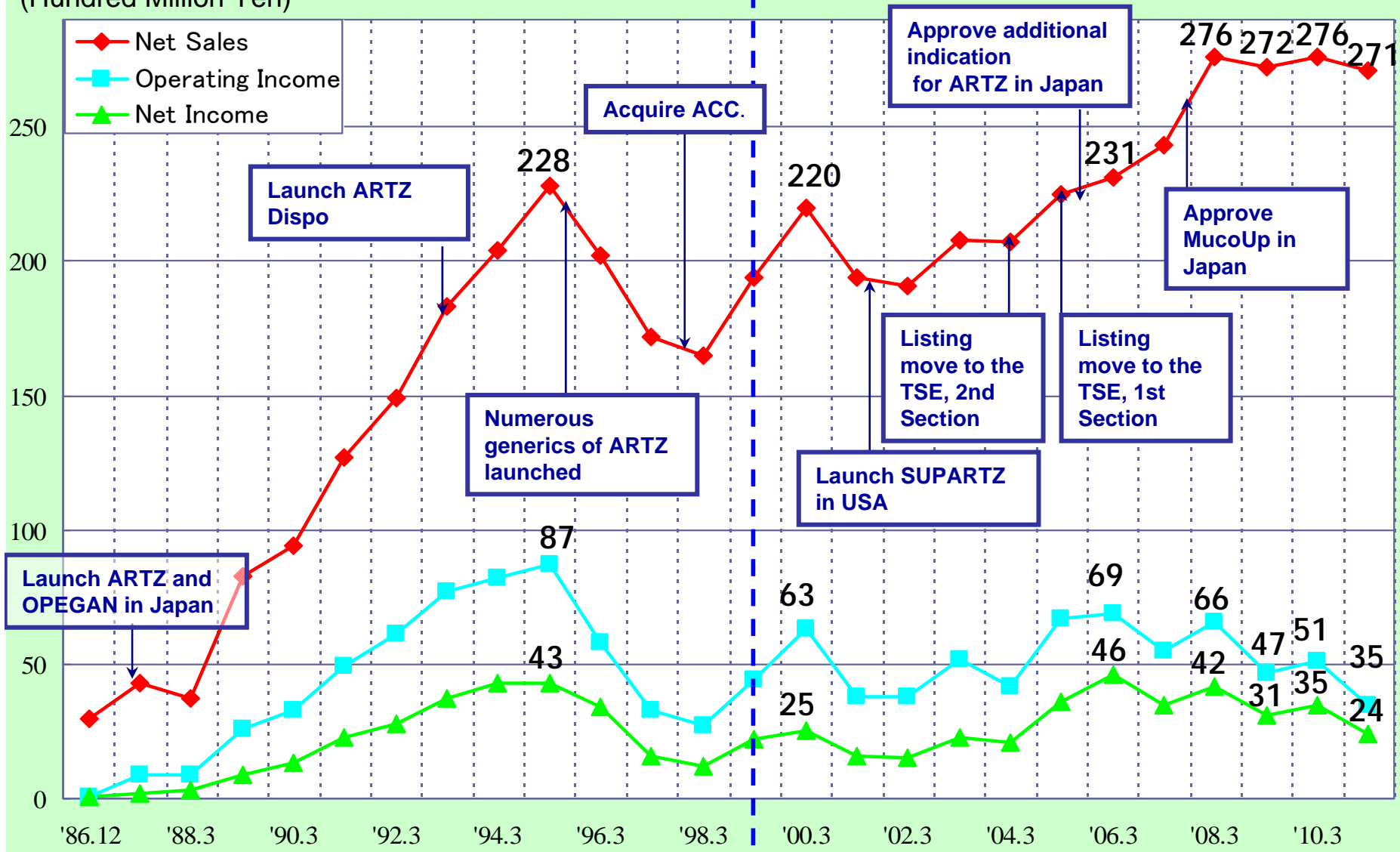
Trend in Financial Index

◆ **Point:** Depreciation of the new ARTZ Dispo production building began in FY 2008. Posting of Japanese clinical trial costs for SI-6603 was included in full in R&D expenses for FY 2010.



Business Progress & Highlights

(Hundred Million Yen)

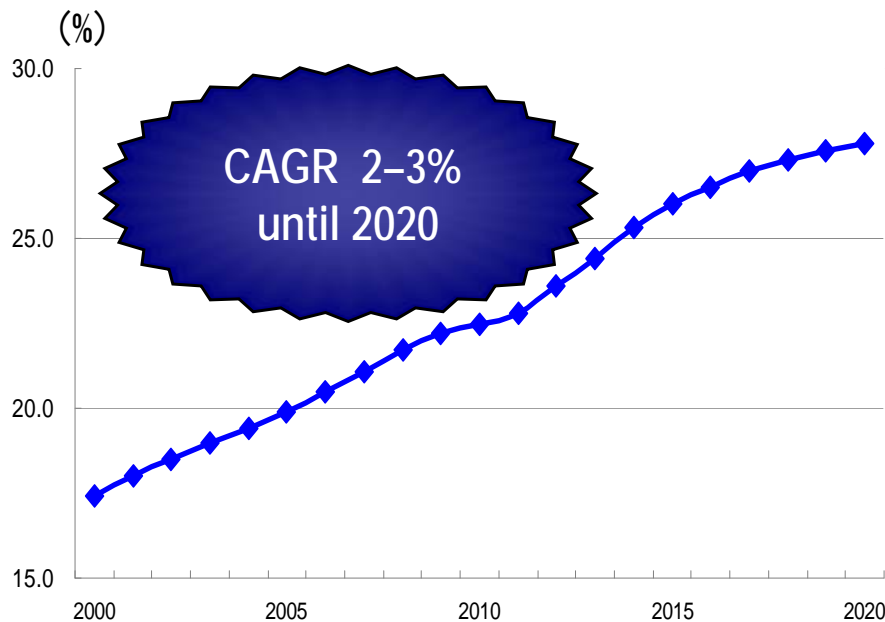


⇒ Consolidated results from '99.3

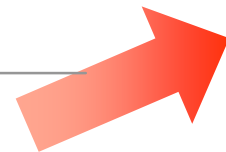
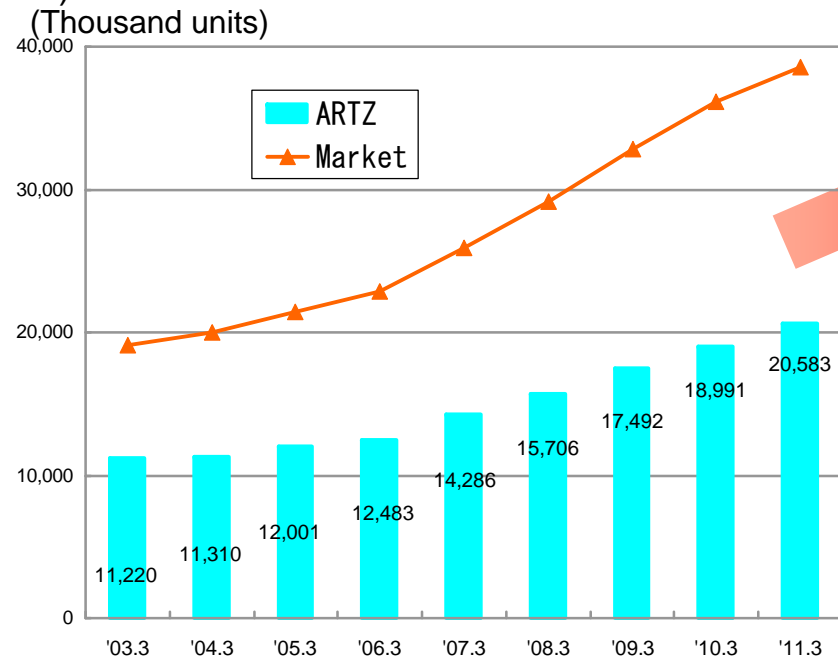
Expanding Market of ARTZ in Japan

- Japanese knee osteoarthritis (OA) market continues to grow due to aging population
- There are 25 million latent patients with knee OA, whereas patients under treatment are 8 million (Survey conducted by the Tokyo University)

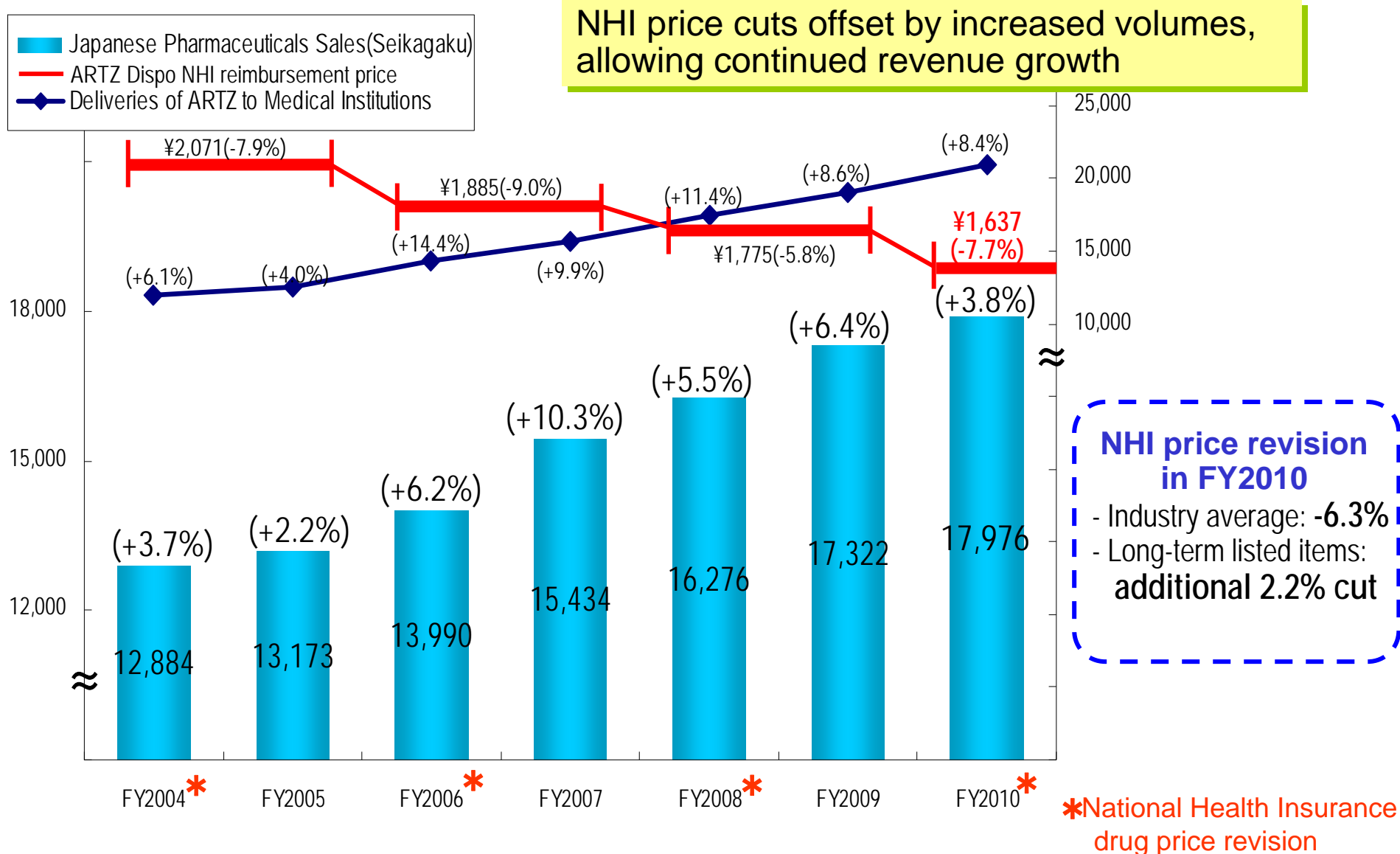
■ Growing Elderly Population (65 or over)
 (Source: Ministry of Internal Affairs and Communications)



■ Deliveries of ARTZ to Medical Institutions (Japan)
 (Thousand units)

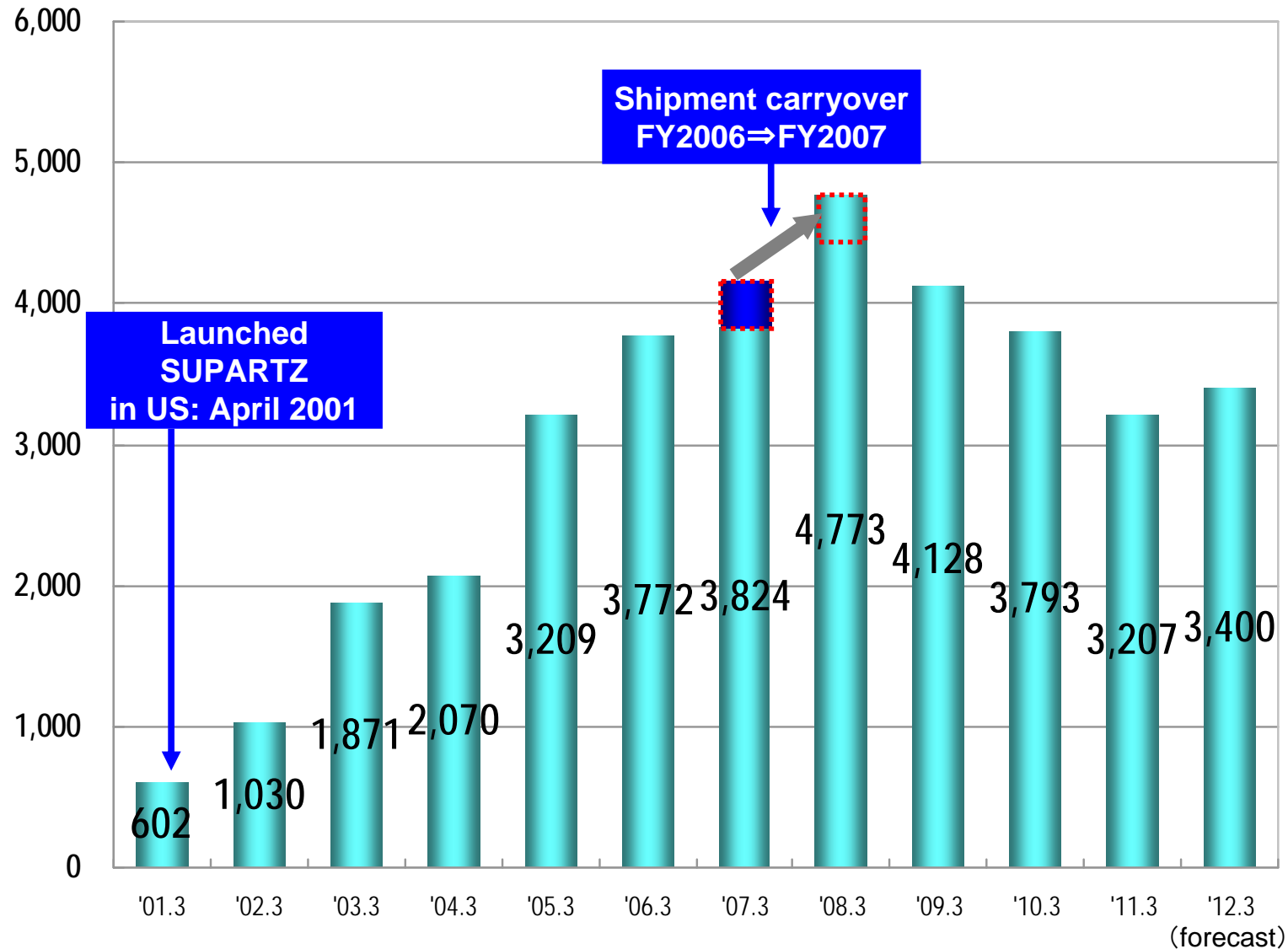


Trend in NHI Reimbursement Price and Our Domestic Pharmaceuticals Sales



Trend in Hyaluronic Acid Products in Overseas Market

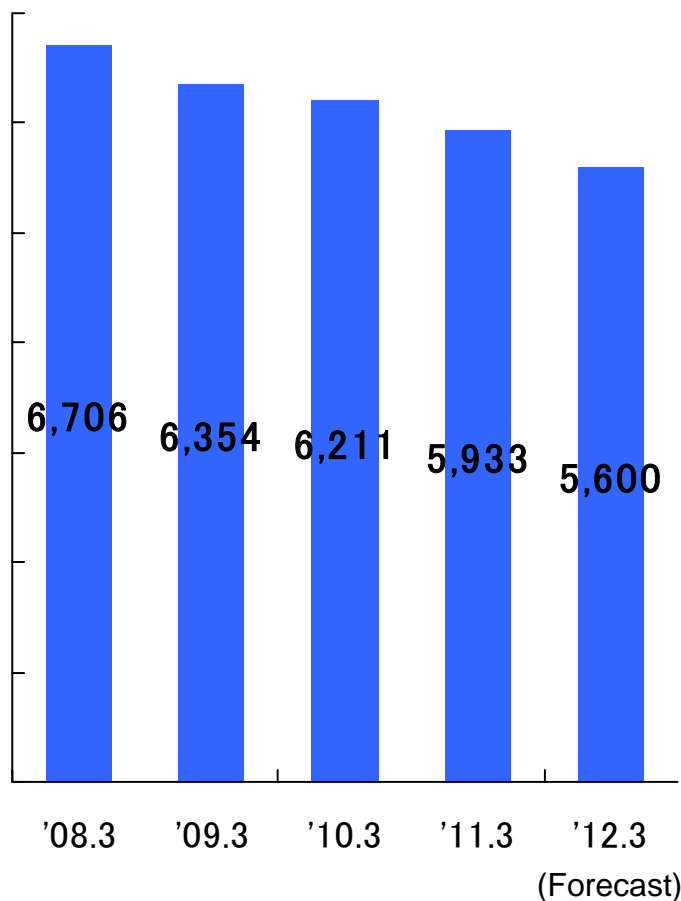
(Millions of Yen)



Sales of Fine Chemicals (Value Basis)

Sales of Fine Chemicals

(Millions of yen)



■ Results for FY 2010 : -4.5%
(year-on-year)

Bulk Products: +4.9%

- Increased sales of hyaluronic acid, reflecting higher sales of products in which it is used

Research Reagents and Diagnostics: -7.8%

- ACC's sales were higher on a local currency basis, but total sales were lower because of the effects of high yen and reduced domestic sales of reagents.

■ Forecasts for FY 2011 (year-on-year)

Bulk Products: +6.3%

- Continued growth in hyaluronic acid sales

Research Reagents and Diagnostics: -10.4%

- Overseas sales will increase, but total sales will be lower because of the termination of research reagent sales in September 2011.

SI-615

◆ Substance: Adenosine A3 receptor agonist

◆ Indication: Rheumatoid arthritis

◆ Formulation: Oral agent

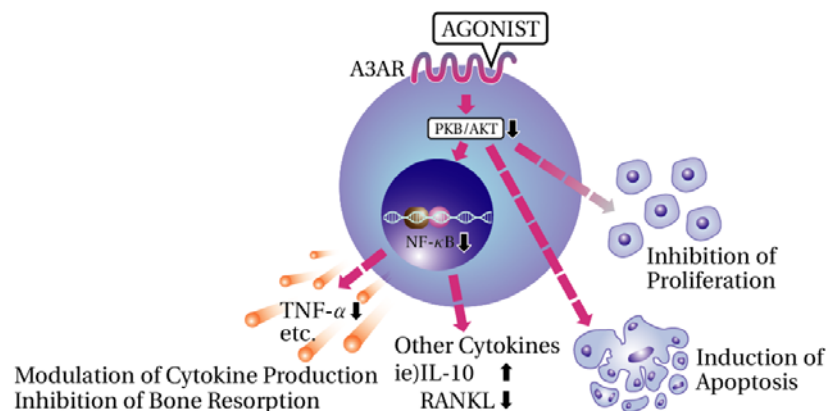
◆ Origin: In-license from
Can-Fite BioPharma Ltd.

◆ Status: Phase I in Japan
Phase II in Europe, etc. implemented by Can-Fite

⇒ Seikagaku will reassess its future development policy based on progress with the PIIb monotherapy trial that is currently being implemented by the licensor, CanFite.

◆ Features:

Adenosine A3 receptor agonist selectively stimulates the adenosine A3 receptor, which is highly expressed in inflamed sites. It is thought to suppress cellular signal transduction, which contributes to inflammation, and the production of inflammatory cytokines. This receptor agonist is expected to become a highly safe anti-inflammatory agent that offers a new mechanism of action.

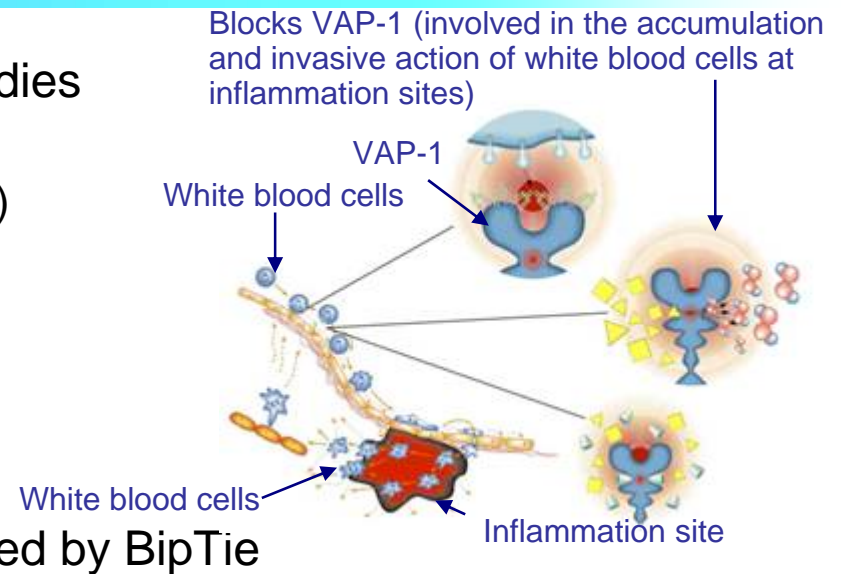


SI-636

- ◆ **Substance:** Anti-Vap-1 monoclonal antibodies
- ◆ **Indication:** Inflammatory diseases
(Target disease: rheumatoid arthritis, psoriasis, etc)
- ◆ **Formulation:** Injectable solution
- ◆ **Origin:** In-license from BioTie Therapies Corp.
- ◆ **Status:** Pre-clinical (Japan)
Phase I in Europe, implemented by BipTie

⇒ The licensor, BioTie, has completed PI repeat-dose trial for rheumatoid arthritis, confirming tolerability and the absence of serious side-effects.
Seikagaku will assess its future development policy based on progress made with trials conducted by BioTie.

- ◆ **Features:**
Anti-Vap-1 antibodies inhibit Vap-1, which is thought to cause inflammation by contributing to the accumulation of leukocytes and their invasion into the site of inflammation. Conventional anti-inflammatory agents suppress the generation or inhibit the action of inflammatory substances, while SI-3106 uniquely acts on the adhesion molecules controlling leukocyte movement.



Cautionary statement regarding forward-looking information

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kind.