

February 3, 2015

**SEIKAGAKU CORPORATION**  
**Consolidated Financial Results (Japan GAAP) (Summary)**  
**for the First Nine Months of Fiscal 2014**  
**(Nine-Month Period Ended December 31, 2014)**

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 2014**

(from April 1, 2014 to December 31, 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 nine months of fiscal 2014	22,075	(4.5)	2,273	(54.3)	3,787	(33.8)
First nine months of fiscal 2013	23,122	11.9	4,975	67.6	5,723	47.4

	Net income		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First nine months of fiscal 2014	3,042	(34.6)	53.56	-
First nine months of fiscal 2013	4,652	56.9	81.90	-

(Note) Comprehensive income:

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

First nine months of fiscal 2013: 5,282 million yen [70.9%]

**(2) Consolidated Financial Position**

	Total assets	Total equity	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2014	76,242	67,506	88.5
As of March 31, 2014	73,826	64,785	87.8

(Reference) Shareholders' equity:

As of December 31, 2014: 67,506 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 of the forecasts most recently announced: No

**3. Forecasts 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 of the forecasts most recently announced: No

**4. Others**

**(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in a change in scope of consolidation): 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, 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 December 31, 2014	1,778,921 shares	As of March 31, 2014	1,778,266 shares
(c) Average number of shares issued during the period (nine months)	First Nine Months of fiscal 2014	56,805,577 shares	First Nine Months of fiscal 2013	56,806,293 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 have 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 Fiscal 2014**

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

#### **Consolidated operating results**

In the first nine months (April 1 to December 31, 2014) of the fiscal year ending March 31, 2015 (fiscal 2014), net sales fell 4.5% year on year to ¥22,075 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 from a relatively high level shipment in the first nine months of fiscal 2013, despite the positive impact of yen depreciation.

With regard to earnings, operating income fell 54.3% year on year to ¥2,273 million, reflecting a decrease in gross profit attributable to higher depreciation, due to the start of operation of new production facilities, and a substantial increase in R&D expenses resulting from progress on development themes. Ordinary income fell 33.8% to ¥3,787 million, and net income fell 34.6% to ¥3,042 million. The smaller rates of decrease for ordinary income and net income are applied, compared to operating income, resulted from factors including the recording of non-operating income on the sale of investment securities and a gain on valuation of foreign currency-denominated assets.

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

##### **Pharmaceuticals Business**

##### **-Domestic Pharmaceuticals (¥13,118 million, down 7.0% year on year)**

Deliveries to medical institutions of ARTZ, joint function improving agent, increased due to sales promotion activities by the sales partner, even though the market as a whole is slightly contracting. The Company's sales fell because of the impact of NHI drug price reductions.

Deliveries to medical institutions of OPEGAN, an ophthalmic surgery aid, were essentially unchanged in 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, increased. However, the Company's sales remained at the level of the first nine months of fiscal 2013 because of inventory adjustments at the sales partner.

##### **-Overseas Pharmaceuticals (¥4,301 million, down 5.8% year on year)**

U.S. sales of SUPARTZ, joint function improving agent, fell only slightly as a result of sales promotion activities by the sales partner, despite a continuing sales increase for 3-injection products of competitors. The Company's sales to the U.S. fell, reflecting a high level of shipments in the first nine months of fiscal 2013.

Sales of ARTZ in China (P.R.C.) and the Company's sales increased, appreciating the product's excellent high quality among large hospitals in major cities.

U.S. sales of Gel-One, a single- injectable joint function improving agent sold in the U.S., increased, mainly through large pharmaceutical wholesalers due to strengthening of sales promotion activities by the sales partner. The Company's sales increased due to higher volume and the impact of yen depreciation. The Company opened the SEIKAGAKU U.S.A. Representative Office in October 2014 and will enhance support to the sales partners.

**-Bulk Products (¥1,014 million, down 20.5% year on year)**

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

As a result of these developments, sales from the pharmaceuticals business fell 7.6% year on year to ¥18,433 million.

**LAL Business**

Sales from the LAL business rose 14.9% year on year to ¥3,641 million as a result of an increase in sales of endotoxin-detecting reagents and the impact of yen depreciation.

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