

July 31, 2014

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

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

(1) Consolidated Financial Results

(Percentages indicate changes from 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 2014	7,577	(0.9)	1,187	(44.4)	1,549	(33.9)
First three months of FY 2013	7,647	13.7	2,135	143.0	2,343	128.0

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of FY 2014	1,251	(41.5)	22.02	-
First three months of FY 2013	2,137	219.3	37.62	-

(Note) Comprehensive income:

First three months of FY 2014: 1,658 million yen [(20.6%)]
 First three months of FY 2013: 2,089 million yen [345.1%]

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	74,058	65,672	88.7
As of March 31, 2014	73,826	64,785	87.8

(Reference) Shareholders' equity:

As of June 30, 2014: 65,672 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	-				
Fiscal 2014 (Forecast)		13.00	-	13.00	26.00

(Note) Revision of the forecasts most recently announced: No

3. Forecast of Consolidated Financial Results for Fiscal 2014 (from April 1, 2014 to March 31, 2015)

(Percentages indicate changes from the same period in 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
First six-month of Fiscal 2014	14,150	(8.1)	1,450	(58.4)	1,750	(53.8)	1,450	(53.5)	25.53
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

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in a change in scope of consolidation): No

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting policies 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 June 30, 2014	58,584,093 shares	As of March 31, 2014	58,584,093 shares
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(b) Number of treasury stock at the end of the period

As of June 30, 2014	1,778,409 shares	As of March 31, 2014	1,778,266 shares
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(c) Average number of shares issued during the period (three months)

First Three Months of Fiscal 2014	56,805,727 shares	First Three Months of Fiscal 2013	56,806,499 shares
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* Indication regarding execution 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 Three Months of the Fiscal Year Ending March 31, 2015

(1) Qualitative explanation on quarterly financial results

In the first three months (April 1 to June 30, 2014) of the fiscal year ending March 31, 2015 (fiscal 2014), net sales were at the prior-year level, falling 0.9% year on year, to ¥7,577 million. This is attributable to factors including National Health Insurance (NHI) drug price revisions in Japan and a decline in shipments of overseas pharmaceuticals from a high level in the first three months of fiscal 2013, despite increases in sales volumes of domestic pharmaceuticals and endotoxin-detecting reagents.

With regard to earnings, operating income fell 44.4% year on year to ¥1,187 million, reflecting a decrease in gross profit attributable to the impact of NHI drug price reductions and an increase in depreciation accompanying the start-up of new facilities. These were coupled with an increase in R&D expenses resulting from progress on development themes such as SI-6603, indicated for treatment of lumbar disc herniation. Ordinary income fell 33.9% to ¥1,549 million. The smaller rate of decrease compared to operating income resulted from factors including the recording of an extraordinary gain on the sale of investment securities. Net income fell 41.5% to ¥1,251, reflecting the non-recurrence of an extraordinary gains and losses recorded in the first three months of fiscal 2013.

(2) Net sales by segment

Pharmaceuticals Business

- Domestic Pharmaceuticals (¥4,560 million, up 3.4% compared with the first three months of fiscal 2013)

Deliveries to medical institutions of ARTZ, an injectable treatment for osteoarthritis pain of the knee, increased at a time of flat overall market growth. Despite the impact of NHI drug price reductions, the Company's sales increased as a result of bringing forward shipments to the sales partner.

Although deliveries to medical institutions of the ophthalmic surgery aid OPEGAN increased, the fierce market environment continues. The Company's sales decreased due to NHI drug price reductions.

Deliveries to medical institutions and the Company's sales of MucoUp, a surgical aid for use in endoscopic mucosal resection, rose due to successful activities to increase penetration of surgical techniques.

- Overseas Pharmaceuticals (¥1,307 million, down 31.3% compared with the first three months of fiscal 2013)

U.S. sales of SUPARTZ, the product name of ARTZ in the U.S., fell as a result of a continuing sales increase for 3-injection products of competitors. The Company's export sales to the U.S. fell, the decline partly a reflection of an inventory build-up by the sales partner in the first three months of fiscal 2013.

Although sales of ARTZ in China increased, mainly among medical institutions in major cities, thanks to the product's continued excellent reputation for high quality and proven performance in many countries, the Company's export sales fell, reflecting a decrease in shipments from a high level in the first three months of fiscal 2013.

Gel-One, a single-injection injectable treatment for osteoarthritis pain of the knee sold in the U.S., is steadily achieving market penetration, as indicated by an increase in local market sales through large pharmaceutical wholesalers contracted in fiscal 2013. However, the Company's export sales remained at the

level of the first three months of fiscal 2013 because of local inventory adjustments.

- Bulk Products (¥379 million, up 20.6% compared with the first three months of fiscal 2013)

In a fierce market environment, sales of bulk products increased as a result of concentration of shipments of hyaluronic acid in the first quarter.

The net result of the above was that overall sales from the pharmaceuticals business fell 5.8% compared with the first three months of fiscal 2013 to ¥6,246 million.

LAL Business

Net sales from the LAL business rose 30.7% compared with the first three months of fiscal 2013 to ¥1,330 million as a result of an increase in sales of endotoxin-detecting reagents and the impact of yen depreciation.

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