

February 5, 2013

SEIKAGAKU CORPORATION
Consolidated Financial Results (Japan GAAP) (Summary)
for the First Nine Months of Fiscal 2012 ending March 2013
(Nine-Month Period Ended December 31, 2012)

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 2012

(from April 1, 2012 to December 31, 2012)

(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 FY 2012	20,655	(1.7)	2,969	(27.9)	3,881	(6.2)
First nine months of FY 2011	21,020	(0.4)	4,118	34.3	4,137	37.1

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First nine months of FY 2012	2,965	8.7	52.20	-
First nine months of FY 2011	2,728	27.1	48.03	-

(Note) Comprehensive income:

First nine months of FY 2012: ¥ 3,090 million 39.7%

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2012	68,901	59,683	86.6
As of March 31, 2012	68,730	58,013	84.4

(Reference) Shareholders' equity:

As of December 31, 2012: ¥ 59,683 million

As of March 31, 2012: ¥ 58,013 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	-	12.50	-	12.50	25.00
Fiscal 2012	-	12.50	-	-	-
Fiscal 2012 (Forecast)	-	-	-	12.50	25.00

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

3. Forecast of Consolidated Financial Results for Fiscal 2012 (from April 1, 2012 to March 31, 2013)
(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 2012	26,750	(1.2)	2,700	(41.5)	3,550	(25.6)	2,700	(17.5)	47.53

(Note) Revision to the nearest consolidated results forecast for fiscal 2012: 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: Yes
- (b) Changes other than those in (a) above: No
- (c) Changes in accounting estimates: Yes
- (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, 2012	58,584,093 shares	As of March 31, 2012	58,584,093 shares
(b) Number of treasury stock at the end of the period	As of December 31, 2012	1,777,182 shares	As of March 31, 2012	1,776,833 shares
(c) Average number of shares issued during the period (nine months)	First Nine Months of fiscal 2012	56,807,107 shares	First Nine Months of fiscal 2011	56,807,443 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 2012

(1) Qualitative information on quarterly financial results

Consolidated operating results

In the first nine months (April 1 to December 31, 2012) of the fiscal year ending March 31, 2013 (fiscal 2012), net sales fell 1.7% to ¥20,655 million. The sales decrease is attributable to factors including NHI (National Health Insurance) drug price reductions and discontinuation of the research reagent business, despite higher sales volumes for ARTZ[®] in Japan and overseas pharmaceuticals.

On the earnings front, operating income fell 27.9% to ¥2,969 million as a result of an increase of ¥777 million in SG&A expenses, including R&D expenses related to the new construction of facilities and progress in development themes and also Gel-One[®] lawsuit expenses. Ordinary income fell 6.2% to ¥3,881 million as the increase in royalty income and a shift from loss to gain by low yen on foreign exchange evaluation of assets denominated in foreign currencies mitigated the magnitude of the profit decline. Net income rose 8.7% to ¥2,965 million due to factors including the non-recurrence of extraordinary losses in connection with the earthquake disaster recorded in the same period of fiscal 2011 and also the decrease in tax cost by the application of preferential taxation following the designation of the Takahagi Plant as a special district for industrial revitalization.

Net sales by segment

Pharmaceuticals Business

-Domestic Pharmaceuticals (¥13,850 million, down 2.3% vs. the first nine months of fiscal 2011)

The market in Japan for ARTZ[®], an injectable treatment for osteoarthritis pain of the knee, continued to expand as a result of an increase in the aged population and our efforts to disease awareness campaigns with regard to knee osteoarthritis. Deliveries of ARTZ[®] to medical institutions increased in part due to the contribution of a plastic syringe introduced in 2010, resulting in a market share increase for ARTZ[®]. However, the Company's sales of ARTZ[®] were at roughly the prior-year level due to the impact of NHI drug price reductions.

Although deliveries to medical institutions of the ophthalmic surgery aid OPEGAN[®] increased as a result of a year-on-year increase in the number of cataract operations reflecting a decrease in the first nine months of fiscal 2011 due to the earthquake disaster and power outages, market share decreased amid continuation of fierce competition. The Company's sales of OPEGAN[®] fell as a result of the impact of NHI drug price reductions and inventory adjustments at the sales partner.

Sales of MucoUp[®], a surgical aid for use in endoscopic mucosal resection, rose due to factors including users' appreciation to activities increasing penetration of endoscopic surgical techniques.

-Overseas Pharmaceuticals (¥3,240 million, up 19.0% vs. the first nine months of fiscal 2011)

Regarding the U.S. SUPARTZ[®], the product name of ARTZ[®] in the U.S., we have pressed forward with sales activities focusing on differentiation from the competitors. However, the sales decreased because the number of private insurance companies restricting the SUPARTZ's reimbursement is gradually increasing. The Company's export sales to the U.S. rose due to an inventory build-up implemented by the U.S. sales partner.

Shipments of Gel-One[®], a single-injection injectable treatment for osteoarthritis pain of the knee, were resumed in October 2012 following a favorable judgment in patent infringement litigation handed down in August. Sales partner Zimmer, Inc. and Seikagaku are currently proceeding with preparations for full-scale sales.

Sales of ARTZ[®] in China developed favorably based on an excellent reputation there for its "high quality" and status as "a world-first original drug," mainly among medical institutions in major cities. The Company's export sales to China rose sharply, partly as a result of bringing forward shipments to meet demand in the market.

-Bulk Products (¥894 million, down 19.1% vs. the first nine months of fiscal 2011)

Sales of bulk products fell, reflecting a high level of bulk hyaluronic acid shipments in the first nine months of fiscal 2011. In addition, shipments of bulk chondroitin sulfate were low.

As a result, overall sales from the pharmaceuticals business fell 0.1% from the first nine months of fiscal 2011 to ¥17,985 million.

LAL Business

Despite stable sales in Japan of endotoxin-detecting reagents for use in quality control and other products, net sales of the LAL business fell 11.3% compared with the first nine months of fiscal 2011 to ¥2,669 million as a result of discontinuation of the research reagents business in March 2012.

Changes in Reporting Segments

The Company changed its reporting segments beginning in fiscal 2012 accompanying the discontinuation of the research reagents business and the absorption-type merger of Seikagaku Biobusiness Corporation (formerly a consolidated subsidiary). The previous fine chemicals segment, which consisted of “reagents and diagnostics” (endotoxin-detecting reagents and research reagents) and “bulk products,” has been eliminated. Bulk products have been included in the pharmaceuticals segment, and endotoxin-detecting reagents are reported as the LAL business. The details of net sales in each segment following the change are as follows.

-Pharmaceuticals Business

Domestic Pharmaceuticals: Sales related to the pharmaceuticals in the domestic market

Overseas Pharmaceuticals: Sales related to the pharmaceuticals export

Bulk products: Domestic and overseas sales related to bulk products and so on

-LAL Business

Sales related to endotoxin-detecting reagents

(2) Qualitative information on forecast of consolidated financial results

As the fourth quarter is expected to reflect the impact of bringing forward shipments of overseas pharmaceuticals in the third quarter as well as a certain level of R&D expenses, there is no change in the forecast of consolidated financial results announced on November 6, 2012.

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