

July 31, 2012

SEIKAGAKU CORPORATION
Consolidated Financial Results (Japan GAAP) (Summary)
for the First Three Months of Fiscal Year 2012
(Three-Month Period Ended June 30, 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 Three Months of Fiscal Year 2012

(from April 1, 2012 to June 30, 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 three months of FY 2012	6,727	(2.5)	878	(46.6)	1,028	(36.9)
First three months of FY 2011	6,897	(3.8)	1,646	33.9	1,630	38.9

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of FY 2012	669	(35.7)	11.78	-
First three months of FY 2011	1,041	41.4	18.33	-

(Note) Comprehensive income:

First three months of FY 2012: ¥ 469 million (-59.4%)

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2012	66,324	57,772	87.1
As of March 31, 2012	68,730	58,013	84.4

(Reference) Shareholders' equity:

As of June 30, 2012: ¥57,772 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
FY 2011	-	12.50	-	12.50	25.00
FY 2012	-				
FY 2012 (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 2012 (from April 1, 2012 to March 31, 2013)
(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
Fist six months of FY 2012	13,200	(4.3)	1,100	(65.8)	1,200	(62.3)	800	(62.1)	14.08
FY 2012	26,700	(1.4)	2,600	(43.7)	3,100	(35.0)	2,200	(32.7)	38.73

(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: 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)
- (b) Number of treasury stock at the end of the period
- (c) Average number of shares issued during the period (three months)

As of June 30, 2012	58,584,093 shares	As of March 31, 2012	58,584,093 shares
As of June 30, 2012	1,776,883 shares	As of March 31, 2012	1,776,833 shares
First Three Months of June 30, 2012	56,807,235 shares	First Three Months of June 30, 2011	56,807,515 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 Three Months of the Fiscal Year Ending March 31, 2013

(1) Qualitative information on quarterly financial results

Consolidated operating results

In the first three months (April 1 to June 30, 2012) of the fiscal year ending March 31, 2013 (FY2012), net sales fell 2.5% year on year to ¥6,727 million. The sales decrease is attributable to NHI (National Health Insurance) drug price reductions and discontinuation of the research reagent business, despite higher sales volumes for ARTZ[®] in Japan and SUPARTZ[®] in the U.S.

On the earnings front, operating income fell 46.6% year on year to ¥878 million, ordinary income fell 36.9% to ¥1,028 million and net income fell 35.7% to ¥669 million, reflecting an increase of ¥634 million in SG&A expenses centering around R&D expenses related progress in development themes such as SI-614, indicated for treatment of dry eye.

Net sales by Segment

Pharmaceuticals Business

-Domestic Pharmaceuticals (¥4,383 million, down 6.9% vs. the first three months of FY2011)

The market in Japan for injectable treatments for osteoarthritis pain of the knee continued to expand as a result of an increase in the aged population and the impact of patient awareness campaigns that target knee osteoarthritis sufferers and conducted with sales partner Kaken Pharmaceutical Co., Ltd. Emphasis on sales expansion activities that capitalized on the brand reputation of ARTZ[®] as the original drug in its category contributed to an increase in deliveries to medical institutions, resulting in a market share increase for ARTZ[®]. However, the Company's sales of ARTZ[®] fell slightly due to the impact of NHI drug price reductions.

Amid intensification of competition, deliveries to medical institutions of the ophthalmic surgery aid OPEGAN[®] increased as a result of sales promotion activities focused on target medical institutions conducted with sales partner Santen Pharmaceutical Co., Ltd. and a year-on-year increase in the number of cataract operations reflecting a decrease in the first three months of FY 2011 due to the earthquake disaster. On the other hand, 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.

Deliveries to medical institutions of MucoUp[®], a surgical aid for use in endoscopic mucosal resection, rose due to awareness activities to increase penetration of endoscopic surgical techniques conducted together with sales partner Johnson & Johnson K.K. However, the Company's sales of MucoUp[®] fell as a result of the impact of a temporary inventory buildup by the sales partner in the previous first three months..

-Overseas Pharmaceuticals (¥1,095 million, up 24.4% vs. the first three months of FY2011)

As U.S. sales of SUPARTZ[®], the product name of ARTZ[®] in the U.S., turned up due to sales strategies focused on differentiation from competitors, the Company's export sales to the U.S. also rose.

Chinese sales of ARTZ[®] remained strong. ARTZ[®] enjoys an excellent reputation in China for its high quality and status as a world-first original drug, mainly among medical institutions in major cities.

-Bulk Products (¥346 million, up 8.4% vs. the first three months of FY2011)

Sales of bulk products rose on an increase in sales of bulk hyaluronic acid partly due to timing difference of shipments in FY 2011.

As a result, overall sales of pharmaceuticals business fell 1.4% from the first three months of FY2011 to ¥5,825 million.

LAL Business

Net sales from the LAL business fell 8.9% compared with the first three months of FY2011 to ¥901 million as a result of discontinuation of the research reagents business and other factors, despite favorable sales of endotoxin-detecting reagents for use in quality control and other products.

Changes in Reporting Segments

The Company changed its reporting segments beginning in the first three months of FY2012 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