

March 29, 2011
Seikagaku Corporation
(Securities Code: 4548)

Seikagaku Announces the Discontinuation of Research Reagent Business at Its Subsidiary

Seikagaku Corporation (head office: Chiyoda-ku, Tokyo; hereafter “SKK”) hereby announces that the Board of Directors resolved at a meeting held on March 29, 2011 to discontinue the research reagent business conducted by SKK’s subsidiary Seikagaku Biobusiness Corporation (head office: Chuo-ku, Tokyo; hereafter “SKB”).

1. Reason for discontinuation of the business

SKB succeeded the fine chemical business (research reagents, endotoxin and beta glucan detecting reagents, and bulk products) following a corporate separation implemented in October 2007 and has engaged in global business activities with the objective of becoming a market leader by developing a product range aligned with market needs.

However, the environment for the research reagent business has become increasingly adverse because new competitors have entered into the market amid ongoing reorganization and consolidation of research facilities due to the impact of the economic slowdown, in addition to structural changes in market. Based on careful consideration of the future direction of the research reagent business, SKK and SKB judged that increases in revenue and earnings could not be expected and decided to discontinue research reagent business.

SKB will seek further expansion in the fine chemical field by focusing its resources on business sectors such as endotoxin and beta glucan detecting reagents and bulk products, taking maximum advantage of the technologies and expertise developed heretofore.

2. Overview of subsidiary

Company name: Seikagaku Biobusiness Corporation (a wholly owned subsidiary of Seikagaku Corporation)

Address: 17-24, Shinkawa 1-chome, Chuo-ku, Tokyo

Representative: Shinji Harashima, President

Business description: Sale of bulk products, manufacture and sale of research reagents and endotoxin and beta glucan detecting reagents

Capital: ¥100 million

3. Summary of discontinuation of the research reagent business

(1) Description of business

The manufacture and sale of research reagents utilizing basic research and applied research centered on the field of glycoscience

(2) Performance of research reagent business (forecast for the fiscal year ending March 31, 2011)

	Research reagent operations (a)	Consolidated operations (b)	Proportion of total (a/b)
Net sales	Approx. ¥700 million	¥27,200 million	2.6%

(3) Disposition of employees and assets engaged in the research reagent business

The Seikagaku Corporation Ten-Year Vision was formulated in March 2009, and under the mid-term business plan, SKK has undertaken to strengthen organizational capabilities to enable realization of the business vision. SKK and SKB will discuss the disposition of employees and assets, considering a merger or other form of business rearrangement with a view to achieving an optimal business structure. SKK will promptly announce any decisions on matters requiring disclosure.

4. Schedule for discontinuation of the business

Resolution of the Board of Directors: March 29, 2011

Purchase order cutoff date: September 30, 2011 (planned)

Date of discontinuation of business: March 31, 2012 (planned)

Note: Depending on the inventory situation, it may not be possible to supply some products even if orders are placed by September 30, 2011.

5. SKK Business Outlook

The discontinuation of the research reagent business will have a minor impact on both the forecast of consolidated results for the fiscal year ending March 31, 2011 (announced in November 2010) and on the numerical targets for the fiscal year ending March 31, 2012 in the mid-term management plan.

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