

# R&D Activities and Production Facilities

## New Product Development

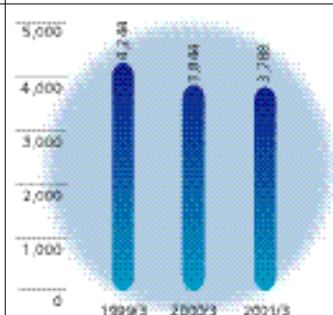
Seikagaku Corporation is developing innovative new products. A medical device designed for use in the treatment of interstitial cystitis is in phase III clinical trials in the U.S. Drugs for treatment of various conditions, including allergies and herniated lumbar discs, are in phase I/II clinical trials. These are expected to appear on the market between 2006 and 2010. In addition, Seikagaku has a number of projects at the pre-clinical and exploratory research stages, including an anti-inflammatory product that is being developed in partnership with GLYCODesign Inc. of Canada. We are confident that these projects will all lead to the creation of revolutionary new products. Current research activities are summarized in the following table.

Name, substance	Development stage	Target Indication	Expected market launch	Remarks
SI-6603 Chondroitinase ABC	PI/II (Japan)	Herniated lumbar discs	2010	Development by Seikagaku. C-ABC is an enzyme, which was developed through Seikagaku's original technology.
SI-3401 Anti-CD23 antibodies	PI/II (U.S.)	Anti-allergy	2007	Joint development by IDEC (U.S.) and Taisho Pharmaceutical.
SI-7201 HA medical device	PIII (U.S.)	Interstitial cystitis	2006	Development by Seikagaku. Based on sodium hyaluronate.
SI-1702 PGE1	PIII (U.S.)	Peripheral arterial occlusive disease	2004	Joint development by Asahi Glass and Mitsubishi Pharma.
U.S. version of Fungitec® G Test	Clinical trials (U.S.)	Diagnostic for invasive fungal infections	2003	First serum diagnostic method for fungal infections in the U.S..

## Production Facilities Expanded

Seikagaku's main production facility is the Takahagi Plant. In December 2000, a third drug production building was completed. The new building, which cost ¥2,500 million, will provide increased capacity for future growth in overseas sales and relieve pressure on existing production capacity for OPEGAN® and OPEGAN Hi®. Its advanced facilities will also support increased process automation and improved efficiency and facilitate compliance with increasingly stringent GMP requirements. In addition, new equipment in the facility will allow Seikagaku to meet a wide range of packaging requirements for overseas markets. Shipments are scheduled to start in August 2001.

R&D Expenses Millions of Yen



The third drug production building in the Takahagi Plant.



The Central Research Laboratories, the Company's core R&D facilities.

