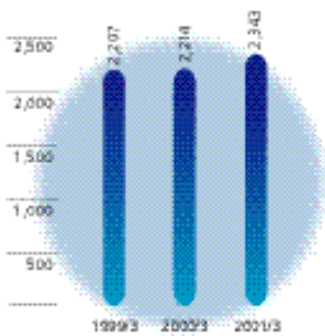


# Overseas Activities

Overseas Sales

Millions of Yen



ACC, Seikagaku's principal subsidiary in the U.S.

## SUPARTZ<sup>™</sup> Overseas Market Expansion

SUPARTZ<sup>™</sup> is another trade name of ARTZ<sup>®</sup> in overseas markets as a medical device. It went on sale in some European countries in April 2000, in Canada in February 2001, and in the U.S. in April 2001, distributed by Smith & Nephew, Inc. (S&N). In January 1999, Seikagaku Corporation entered into an exclusive distribution agreement for SUPARTZ<sup>™</sup> with S&N, which is the U.S. subsidiary of Smith & Nephew Plc of London, England. Smith & Nephew plc employs 12,000 people and has extensive marketing and distribution capabilities and sales in more than 90 countries. The agreement provides S&N with marketing rights for SUPARTZ<sup>™</sup> in the U.S., Canada, U.K., Germany, France, Australia and certain other countries. Seikagaku, in partnership with S&N has worked aggressively to make orthopedic physicians and others involved recognizing the safety and efficacy of the sodium hyaluronate formulation, SUPARTZ<sup>™</sup> from a scientific viewpoint. In parallel, with such scientific activities, Seikagaku is directing much labor to receive acceptance by governmental and private health insurance plans.

The current market for sodium hyaluronate formulations for osteoarthritis treatment in Japan is estimated to gross about ¥33 billion. In the U.S., an estimated 20 million individuals suffer from osteoarthritis, and the market is showing rapid growth with the aging population. There is a potential in the U.S. market for sales of this product to surpass those of Japan. So, the launch of SUPARTZ<sup>™</sup> in the U.S. market is expected to contribute significantly to the growth of Seikagaku's overseas business.

## ACC Activities

Located in Falmouth, Massachusetts, ACC is a primary manufacturer of reagents for endotoxin assays, which are produced from the American horseshoe crab. Seikagaku Corporation has been involved in the production of reagents from the Pacific horseshoe crab for 20 years. Its acquisition of ACC in November 1997 has helped to accelerate the development of new products through interchanges of technology and personnel.

ACC is currently conducting clinical trials of the Fungitec<sup>®</sup> G Test in the U.S. This product is used as an in-vitro diagnostic for invasive fungal infections, which is technology transferred from Seikagaku. The Fungitec<sup>®</sup> G Test meets an important front-line medical need and has become one of Seikagaku's most important diagnostic products since its launch in Japan. Strong sales are expected after its launch onto the U.S. market.

In the year ended March 31, 2001, ACC recorded net sales of US\$13 million and net income of US\$230,000. The profitability of the company was actually higher, but profits were reduced by investments. The main purpose of these investments was to enable ACC to strengthen its operations in preparation for the future expansion of its business activities. One such project involves the construction of new company buildings to support future business growth and facilitate compliance with GMP standards. The new facilities will go into production in July 2002, marking the start of a new phase in the evolution of ACC's business activities.



Fungitec<sup>®</sup> G Test under clinical trials in the U.S..