

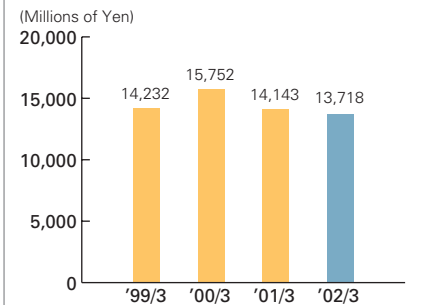
Divisional Review

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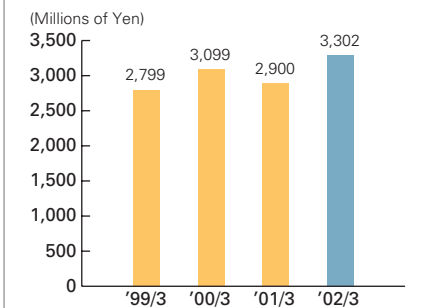
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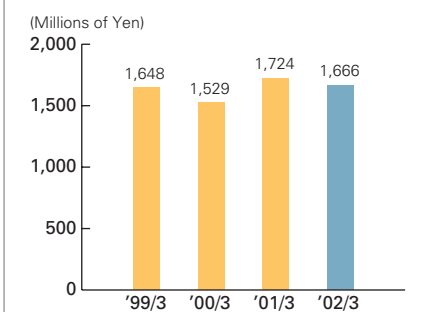
Sales of Pharmaceuticals and Medical Devices



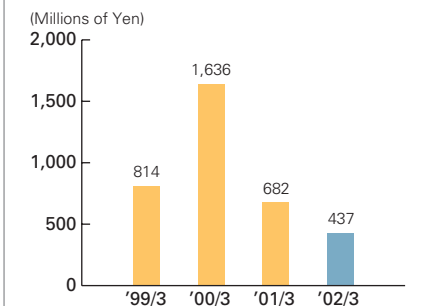
Sales of Research Biologicals and Diagnostics



Sales of Bulks



Sales of Others



Pharmaceuticals and Medical Devices

The joint function improves ARTZ® and ARTZ Dispo® are the largest selling products in Seikagaku's line-up. During the year in review, the domestic market share for ARTZ® and ARTZ Dispo® was successfully maintained at above 60% against competition, and sales declined only slightly, indicating a leveling out of the trend of previous years.

We believe that pressure in this sector from competing products will continue. On the other hand, most patients for joint improver formulations are elderly, and because this age group is growing in the population, the market in Japan expanded at 8.8% compared with the previous fiscal year. With market expansion of this magnitude, the sales growth potential of ARTZ® remains strong, even though it has been on the market for 15 years. In fact, Japan's Ministry of Health, Labour and Welfare projects that the elderly will comprise 29% of the population in 2025 and 36% in 2050. Therefore, an important part of our strategy is to capture the gains afforded by this annual market growth as we simultaneously fight to increase market share for ARTZ® products.

Overseas, sales in the U.S. market began in April 2001 and showed strong early performance due to approval for Medicare reimbursement, which was received in January 2002.

Amid strong competition, combined sales of OPEGAN® and OPEGAN Hi®, the ophthalmologic surgical aid for cataract surgery, experienced a small loss in market share of 1.1 points. Seikagaku enhanced its line-up with the re-formulated Emdogain® Gel, a medical device for use in periodontal treatment, in March 2002.

Consolidated sales in the Pharmaceuticals and Medical Devices sector decreased by 3.0% from the previous fiscal year to ¥13,718 million.

Research Biologicals and Diagnostics

Sales of diagnostics for Gram-negative bacterial infections, ENDOSPEC® ES TEST and sales of reagent products of third-party companies grew steadily and offset a slump in sales of other products.

Overseas sales also increased on the resurging sales growth of ACC, our wholly owned U.S. subsidiary. ACC's performance was driven by sales expansion of its endotoxin reagents.

Consolidated sales in this sector increased by 13.9% to ¥3,302 million.

Bulks

Despite sales growth of sodium hyaluronate formulations for medical use, domestic sales decreased as a result of slow sales of sodium chondroitin sulfate, a major component of this sector. These results reflect overall declines in the market for bulks in the wake of falling consumer purchasing, as well as public concern about the safety of biopharmaceutical products.

Consolidated sales in this segment decreased by 3.3% to ¥1,666 million.

Others

Consolidated sales in this segment, which includes skin creams, ingredients for dietary supplements and royalties, amounted to ¥437 million, a decline of 36.0% compared with the previous year's figure. Royalties in the year ended March 31, 2002 were significantly lower, reflecting a return to the norm following a period of higher-than-average activity. Income from this source was 52.0% lower during the year under review at ¥265 million.