

CORPORATE PROFILE More than half a century ago, Seikagaku Corporation pioneered developments in the study of glycoconjugates. These substances are the core of what has become the newly emerging field of glycoscience and are essential elements that regulate basic biological activities on the cellular level. In 1950, Seikagaku was the first company to begin large-scale production of chondroitin sulfate, a glycoconjugate vital in the manufacture of a wide variety of pharmaceutical products. Another first was the launching in 1987 of a sodium hyaluronate formulation effective for the treatment of osteoarthritis.

Today, Seikagaku is recognized internationally as a leading producer of glycoconjugate-related pharmaceuticals of a quality not attainable by any other manufacturer. Seikagaku's business also concentrates on diagnostics and research biologics used for medical treatment and glycoconjugate research.

As Seikagaku proceeds in its role as a pioneer in glycoscience research and development, it will bring new improvements to the quality of life by creating useful products for the medical and healthcare industries throughout the world.

In the year through March 2004, there was continuing growth in overseas pharmaceutical sales accompanied by an increase in research biologics and diagnostics products. Although overall results for the year under review were flat compared with the previous year, including a commemorative dividend to celebrate our new stock exchange listing, total dividends for the year reached ¥30. Shareholders should benefit in the year ahead from the 1.5-for-1 stock split that took place on May 31 and the de facto increase in the regular per-share annual dividend to ¥30 on a pre-split basis. Between now and March 2005, we anticipate increases in overseas sales and growing unit sales for our products in Japan, which will offset the effect of NHI price revisions at the beginning of the term. The current profit ratio is 11.4%, the balance sheet is healthy and the Company has sufficient assets to comfortably fund strategic investments and sustain a vigorous program of R&D.

Focused on

GLYCOSCIENCE

GLYCOCONJUGATE RESEARCH—GLYCOSCIENCE—AND STUDY OF THE HUMAN GENOME ARE CONVERGING IN A NEW SYNERGY THAT IS ACCELERATING UNDERSTANDING OF LIFE PROCESSES AND DISEASE. SEIKAGAKU IS APPLYING THIS KNOWLEDGE IN THE DEVELOPMENT OF NOVEL CLINICAL APPLICATIONS.

Glycoscience is the study of complex carbohydrate molecules (glycoconjugates), and the results of research in this field are changing the world through the profound impact that glycomic drugs, the "drugs of the future," are having on human health. Glycoscience is an exciting field that is delving into the mysteries of molecular messages that rule the life of cells. It is now known that carbohydrates form the basis of multicellular intelligence, the ability of cells to communicate and work together, providing biological information for "the code of life." Recent advances in science and medicine show that information systems based on glycoconjugates control or influence fundamental biological activities, including all life processes, from the differentiation of cells and tissues, fertilization, cell growth and aging, to carcinogenesis and the onset of other diseases. The growing significance of glycoscience to medical science provides new vistas of unlimited potential for Seikagaku, an industry pioneer in glycoconjugate clinical applications, in the development of new medical and diagnostics technology.

Growth

Consolidated Financial Highlights Years Ended March 31

	Millions of Yen					Thousands of U.S. Dollars (Note 1)
	2004	2003	2002	2001	2000	2004
Net Sales	¥20,744	¥20,829	¥19,123	¥19,450	¥22,017	\$195,698
Gross Profit	14,206	14,199	12,689	12,853	15,622	134,019
Operating Income	4,242	5,285	3,890	3,874	6,312	40,019
Net Income	2,118	2,367	1,533	1,633	2,570	19,981
Total Assets	48,246	46,590	44,447	44,097	43,815	455,151
Shareholders' Equity	43,596	41,517	39,828	38,651	37,707	411,283

Per Share of Common Stock:		Yen					U.S. Dollars
Net Income	¥79.46	¥88.92	¥56.73	¥62.72	¥98.70	\$0.75	
Cash Dividends	30.00	20.00	20.00	20.00	20.00	0.28	

- Notes: 1. U.S. dollar amounts are converted, for convenience only, at the rate of ¥106=US\$1, the approximate rate at March 31, 2004.
 2. From the year ended March 31, 2003, a new method was adopted for computing net income per share, and the prior-year amount was reclassified for comparison (see note 2.n.). Amounts for 2001 were computed on the weighted average number of shares out-standing after giving retroactive adjustment for subsequent stock splits for each of the years.
 3. Cash dividends per common share are the amounts applicable to the respective years without giving retroactive adjustment for sub-sequent stock splits.

