

> Performance by Segment

Hyaluronic acid-related pharmaceuticals accounted for about 70% of consolidated net sales. All segments were up this year, especially Pharmaceuticals and Medical Devices, which benefited from a public information campaign in Japan about treatment with hyaluronic acid preparations. Expanded overseas sales, primarily from the U.S., also contributed to the growth of our export business. The composition of each segment's contribution did not change markedly.

Pharmaceutical Business

Pharmaceuticals and Medical Devices

Intra-articular injections for improving joint functions ARTZ® 25mg, ARTZ Dispo® 25mg, SUPARTZ®¹, ARTZAL®

Hyaluronic acid formulation, first launched in 1987 and currently approved in 22 countries. Used widely by many doctors and patients throughout the world as the formulation for the treatment of knee osteoarthritis². Now highly evaluated and used worldwide with over 200 million injections performed internationally to date.

¹ SUPARTZ® is a trade name used in North America.

² In Japan, ARTZ® is also approved for indications of peri-arthritis of the shoulder and relief of knee pain from chronic rheumatoid arthritis. The indication for peri-arthritis of the shoulder is approved in several other countries as well.

Ophthalmic surgical aids OPEGAN® 0.6, OPEGAN® 1.1, OPEGAN Hi®

OPEGAN® is the first domestically produced hyaluronic acid formulation used in ophthalmic surgery. Hyaluronic acid with high viscosity is used in cataract surgery to facilitate the procedure by protecting corneal endothelium and retaining the intraocular space.

Surgical aid for endoscopic mucosal resection MucoUp®

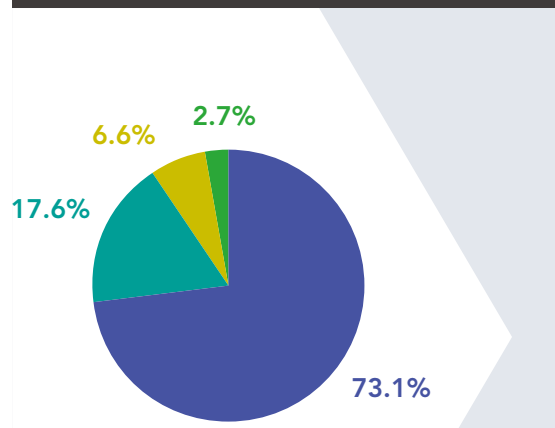
By injecting MucoUp® as a surgical aid into the sub-mucosal layer at the lesion of tumors in the gastrointestinal tract, the lesion rises to form a dome that can be more easily, safely and completely removed by endoscopic mucosal resection.

Periodontal regeneration material Emdogain® Gel

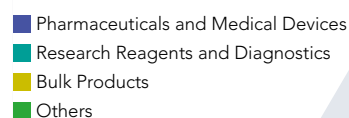
Medical device for use in dentistry to induce regeneration of periodontium.



Segment Review >



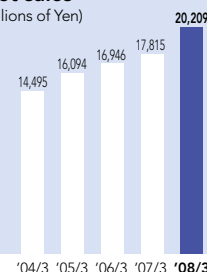
Net Sales by Business Segment



73.1%

In domestic sales, good progress was made for ARTZ® in reaching potential patients through a campaign to raise public awareness of about treatment using hyaluronic acid preparations and promoting it among internists, surgeons and anesthetists besides orthopaedists. A growth of exports of SUPARTZ® to the U.S. reflected both a real increase in local sales and postponement of a portion of shipments to the U.S. from the previous year to the current year under review. Exports to China also grew satisfactorily. Sales of the ophthalmic surgical aid, OPEGAN®, grew as ongoing provision of academic information to medical institutions contributed to the increase in market share. The new product, MucoUp®, experienced a steady increase in use driven by joint efforts with our sales partner to open up the new market. As a result, overall sales of pharmaceuticals and medical devices expanded by 13.4%, or ¥2,394 million year on year to ¥20,209 million.

> Net sales (Millions of Yen)



Fine Chemical Business

Research Reagents and Diagnostics

Endotoxin-detecting reagents

Used mainly for quality control in the manufacture of pharmaceuticals and medical devices, and quality control of dialysis fluid.

Carbohydrate-related reagents, Saccharides, Enzymes, Antibodies

For nearly 50 years Seikagaku has been contributing to the advancement of glycoscience with these essential reagents for glycobiology.

Food allergy-related test kits

Test kits used to detect the commingling in the manufacturing process of food substances likely to cause allergies.



Diagnostics for invasive fungal infections FUNGITEC® G TEST MK

These are the first diagnostics in the world for the detection with a high sensitivity of (1,3)- β -D-glucan, a constituent of fungi. Now available in the United States under the name FUNGITELL™.

Bulk Products

Hyaluronic acid

Sold mainly to the manufacturers of pharmaceuticals as a raw material.

Sodium chondroitin sulfate

Widely used as a raw material in pharmaceuticals, ophthalmic products and drinks for nutritional fortification.



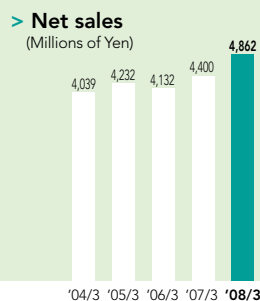
Others

Mouthwash KINUSUI SPRAY and others



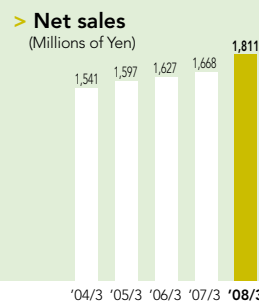
17.6%

Total net sales in this segment grew by 10.5%, or ¥463 million to ¥4,862 million, on rising sales in Japan and overseas of endotoxin-detecting reagents for quality control by Seikagaku Biobusiness (spun out in October 2007) and its subsidiary, Associates of Cape Cod, Inc. (ACC). ACC is a pioneer and leading global supplier of analyte detection products, including Limulus Amebocyte Lysate (LAL) used for quality testing of pharmaceuticals and medical devices. Sales of carbohydrate-related reagents and food allergy-related test kits show steady growth, as well.



6.6%

Despite lower demand for chondroitin sulfate, sales of bulk products increased by 8.6%, or ¥143 million to ¥1,811 million, reflecting expanding sales of hyaluronic acid for medical use, as well as one-time sales of liver hydrolysate to a third party in connection with their buyout of our liver hydrolysate business.



2.7%

In this category, sales rose by 58.8% to ¥748 million. Sales consist mainly of royalties, which grew in the year under review due to a transient increase of royalties paid in Japan.

