

Performance by Segment

Pharmaceutical Business

Pharmaceuticals and Medical Devices

Domestic sales of pharmaceuticals and medical devices for the year ended March 31, 2009 rose by 5.5% to ¥16,276 million, despite NHI reimbursement price reductions averaging about 6%. Sales of ARTZ[®] grew steadily to overcome the NHI price cut. Growth was underpinned by a campaign with sales partner, Kaken Pharmaceutical to raise public awareness of knee osteoarthritis and the effectiveness of early treatment. Continuous promotion of ARTZ[®] among internists, surgeons and anesthetists, in addition to orthopaedists also contributed to the sales growth.

Unit deliveries to medical institutions of OPEGAN[®], the hyaluronic acid formulation used in cataract surgery, expanded and retained the top market share as we continued joint efforts with our sales partner, Santen Pharmaceutical, to further improve customer satisfaction.

However, sales proceeds remained at the previous year's level, due to the NHI price cut.

For the endoscopic surgery aid MucoUp[®], launched last fiscal year, we worked with sales partner Johnson & Johnson K.K. Medical Company to promote its profile and steadily expand sales.

Export sales dropped by 13.5% to ¥4,129 million. Export sales of SUPARTZ[®] to U.S. sales partner Smith & Nephew fell by 20.8% in yen terms, due to yen appreciation and backwash from last year's higher sales caused by a shipment carryover. Sales within the U.S. by S&N continued to rise, although escalating competition and selling price declines slowed the rate of growth. Healthy expansion in China raised export sales to other countries by 26.0%.

Overall worldwide sales of pharmaceuticals and medical devices expanded by 1.0% (¥196 million) year on year to ¥20,405 million.

Fine Chemical Business

Research Reagents and Diagnostics

Endotoxin-detecting reagents for quality control sold well, both in Japan and overseas, especially for Associates of Cape Cod, Inc. (ACC), a wholly owned subsidiary of Seikagaku Biobusiness operating in the U.S. and Europe. ACC's sales grew by about 10.0% in U.S.-dollar terms. However, total net sales of this segment for the year under review dipped by 0.8% (¥38 million) to ¥4,825 million, because of yen appreciation.

Bulk Products

The bulk products business posted sales of ¥1,492 million, a 17.6% (¥319 million) decrease from the previous period. This decline reflects the production termination of liver hydrolysate, following the business transfer, and a downturn in sales of hyaluronic acid for medical use, due to price declines.

