

➔ Medical Devices



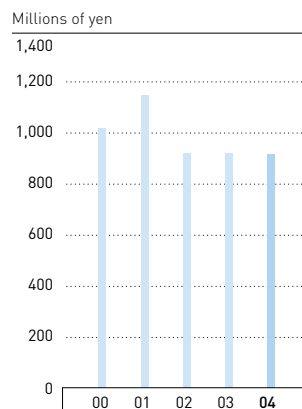
▲ At the 42nd Japanese Society for Cataract Research and the 18th Annual Meeting of the Japanese Society of Cataract and Refractive Surgery held in June 2003 in Kyoto.

Santen’s medical devices business specializes in the field of cataract surgery. Products include intraocular lenses (IOLs), phacoemulsification machines and surgical instruments. Seeking to be the best partner for surgeons, our surgical representatives with expertise in cataract surgery provide information to over 3,000 surgical institutions in Japan in cooperation with our 400 pharmaceutical MRs.

Cataract is a condition in which the lens clouds with aging and other factors, causing blurred and weakened vision. Vision can be recovered through surgery that involves the insertion of an IOL to replace the cloudy lens. While the IOL market in Japan for the year ended March 31, 2004 was up marginally from the previous year on a volume basis, it declined by approximately 5% on a sales basis, according to Santen’s estimate.

Thus, we are working with improved technology. Santen is currently conducting clinical trials in the U.S. and Japan on a new foldable IOL (development code: MD-14) developed by Advanced Vision Science, Inc. (AVS), our surgical subsidiary in the U.S. Foldable IOLs can be inserted through a small incision, and they account for almost 80% of the IOL market. The percentage is expected to increase with the development of IOLs that can be inserted through an even smaller incision and that enable better vision after surgery.

Sales of Medical Devices



With the increased sales of *ClariFlex*, an IOL launched in March 2003 that can potentially reduce the incidence of secondary cataract, Santen’s IOL sales grew from the previous year in terms of both sales and volume. However, as sales of phacoemulsification machines and surgical instruments declined, total sales of medical devices were ¥914 million, down 0.4% from the previous year.

In September 2003, we decided to focus our efforts on IOL business and to discontinue our investment in Phacor Inc., a wholly owned subsidiary developing phacoemulsification machines in the U.S.



▲ Intraocular lenses used in cataract surgery



▲ Our U.S. subsidiary Advanced Vision Science, Inc. conducts research and development of next-generation intraocular lenses.