

Consolidated information

Consolidated income statements

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Net sales	92,696	98,397	100,485	103,394	101,618	-1.7
Cost of sales	33,709	34,534	35,483	36,513	35,947	-1.6
(Percentage of net sales)	36.4%	35.1%	35.3%	35.3%	35.4%	
Gross profit	58,986	63,863	65,001	66,880	65,671	-1.8
(Percentage of net sales)	63.6%	64.9%	64.7%	64.7%	64.6%	
Selling, general and administrative expenses	40,003	42,868	44,589	46,510	50,177	7.9
(Percentage of net sales)	43.1%	43.6%	44.4%	45.0%	49.4%	
R&D expenses	12,619	13,971	13,663	12,941	18,457	42.6
(Percentage of net sales)	13.6%	14.2%	13.6%	12.5%	18.2%	
Operating income	18,982	20,995	20,412	20,370	15,494	-23.9
(Percentage of net sales)	20.5%	21.3%	20.3%	19.7%	15.2%	
Non-operating income	803	1,024	1,138	1,356	1,430	5.4
Non-operating expenses	948	511	707	1,024	989	-3.5
Ordinary income	18,837	21,507	20,843	20,702	15,935	-23.0
(Percentage of net sales)	20.3%	21.9%	20.7%	20.0%	15.7%	
Extraordinary gain	1,137	53	250	237	18	-92.2
Extraordinary loss	1,538	1,219	55	457	129	-71.6
Income before income taxes	18,436	20,341	21,039	20,482	15,823	-22.7
(Percentage of net sales)	19.9%	20.7%	20.9%	19.8%	15.6%	
Income taxes - current	6,446	7,999	7,902	8,145	8,269	1.5
Income taxes - deferred	966	-679	-10	-313	-2,568	718.4
Net income	11,022	13,022	13,147	12,650	10,123	-20.0
(Percentage of net sales)	11.9%	13.2%	13.1%	12.2%	10.0%	

【Exchange rates】

(Yen)

Year ended March 31	2005	2006	2007	2008	2009	2010 Forecast
Exchange rate: US dollar	107.19	113.42	116.86	114.29	100.81	100.00
Euro	134.64	137.77	148.99	161.98	146.71	130.00

*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

■ Major Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Personnel expenses	11,109	11,195	12,197	13,220	13,089	-1.0
Sales promotion expenses	3,057	3,662	3,944	4,184	4,084	-2.4
Royalty expenses	2,113	2,058	2,203	2,211	2,116	-4.3
Advertising expenses	1,616	1,623	1,807	2,671	1,878	-29.7
R&D expenses	12,619	13,971	13,663	12,941	18,457	42.6

■ Major Non-operating income and expenses

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Interest and dividend income	249	261	459	606	548	-9.6
Interest expense	182	93	90	96	65	-32.4
Equity in losses of affiliates	—	—	—	—	679	—

■ Major Extraordinary gain and loss

(Millions of yen)

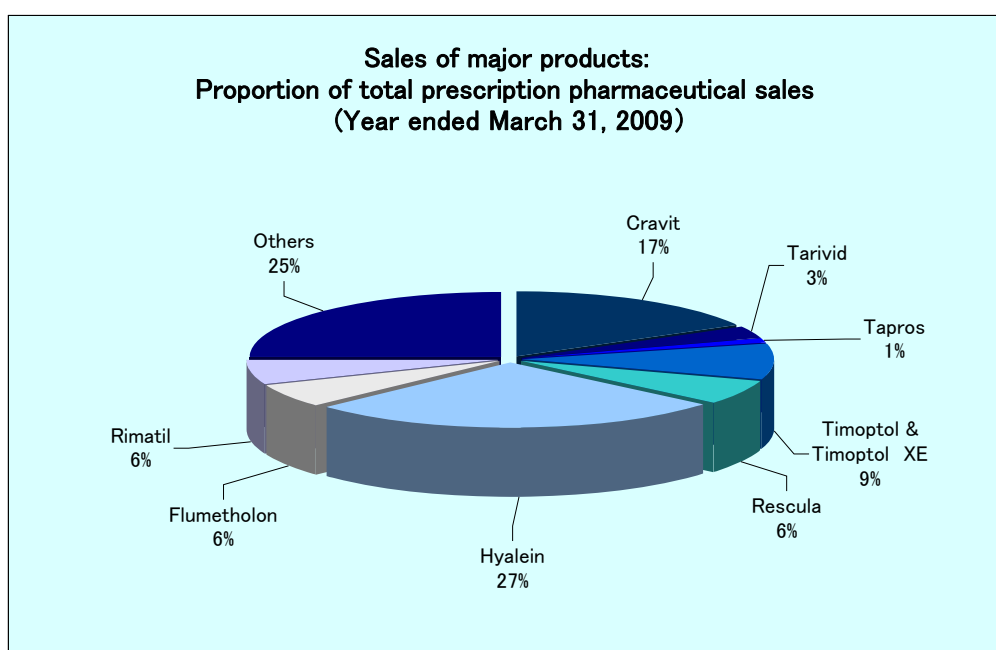
Year ended March 31	2005	2006	2007	2008	2009
Gain on sale of fixed assets	340	3	250	0	—
Loss on sale of fixed assets	102	126	36	66	73
Loss on sale of investment securities	81	—	—	—	37

Sales details

■ Sales of major prescription pharmaceuticals

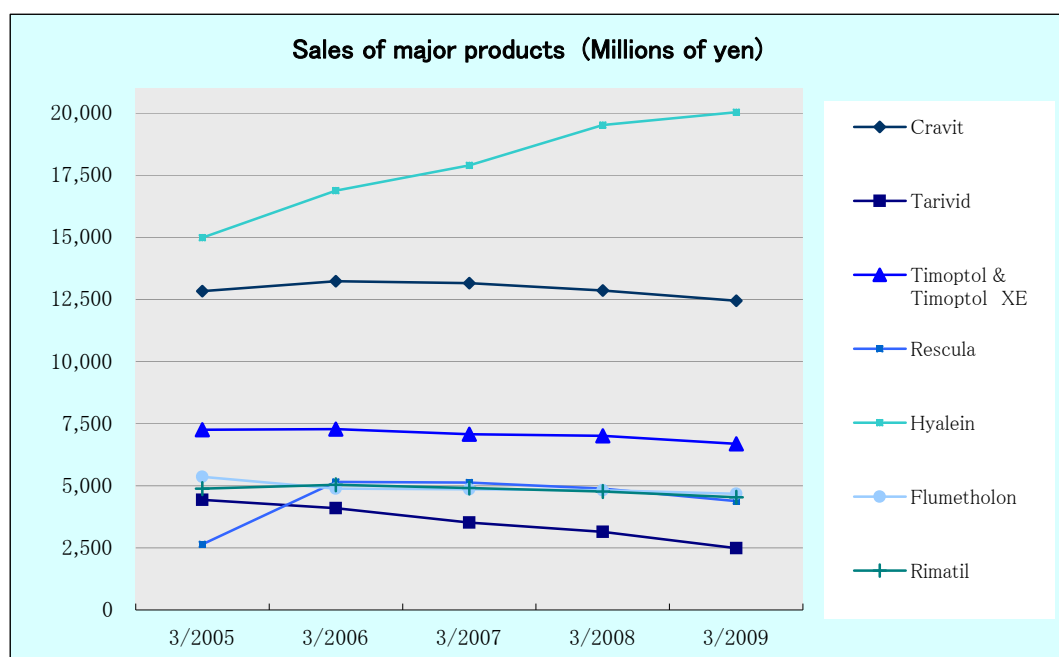
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	bunazosin hydrochloride/ophthalmic solution	Detantol	Japan	Sep-01
	isopropyl unoprostone/ophthalmic solution	Rescula ※	Japan	Oct-94
Allergy	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
Corneal disease	sodium hyaluronate/ophthalmic solution	Hyalein	Japan	Jun-95
Inflammation	fluorometholone/ophthalmic solution	Flumetholon	Japan	Oct-75
Early-stage senile cataract	pirenoxine/ophthalmic solution	Kary Uni	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	Opegan Hi	Japan	Jan-95
Perfusate/lotion	oxiglutatione/ophthalmic perfusate and lotion	BSS PLUS	Japan	Jan-92
Rheumatoid arthritis	bucillamine/tablet	Rimatil	Japan	Sep-87
	salazosulfapyridine/enteric coated tablet	Azulfidine EN	Japan	Dec-95

※Rescula: This product, which was launched in October 1994, has been sold by Santen Pharmaceutical Co., Ltd. since October 2004.



(Millions of yen)

Year ended March 31					Year ended March 31			Brand name
2005	2006	2007	2008	2009	% Change 2009/2008	2010 Forecast	% Change 2010/2009	
12,833	13,227	13,155	12,864	12,443	-3.3	12,802	2.9	Cravit
4,429	4,100	3,524	3,139	2,488	-20.7	2,510	0.9	Tarivid
—	—	—	—	1,058	—	4,818	355.2	Tapros
4,415	4,210	3,816	3,574	3,213	-10.1	3,143	-2.2	Timoptol
2,837	3,072	3,258	3,432	3,477	1.3	3,560	2.4	Timoptol XE
2,155	2,226	2,288	2,337	2,283	-2.3	2,112	-7.5	Detantol
2,645	5,152	5,127	4,880	4,386	-10.1	3,455	-21.2	Rescula
4,917	3,984	4,305	4,341	4,302	-0.9	3,809	-11.5	Livostin
14,987	16,879	17,891	19,521	20,030	2.6	21,399	6.8	Hyalein
5,354	4,879	4,854	4,821	4,671	-3.1	4,757	1.9	Flumetholon
3,220	3,341	3,465	3,652	3,572	-2.2	3,855	7.9	Kary Uni
2,374	2,746	2,839	3,204	3,236	1.0	3,416	5.5	Opegan Hi
1,274	1,316	1,277	1,267	1,241	-2.0	1,276	2.8	BSS PLUS
4,881	5,033	4,912	4,767	4,539	-4.8	4,333	-4.5	Rimatil
3,376	3,717	3,889	4,121	4,187	1.6	4,369	4.3	Azulfidine EN



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Sales details

■ Sales by division

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Prescription pharmaceuticals	84,298	90,251	91,849	95,322	94,538	-0.8
Ophthalmic	75,624	80,922	82,152	85,426	84,488	-1.1
Anti-rheumatic drugs	8,353	9,041	9,379	9,626	9,741	1.2
Other prescription pharmaceuticals	319	287	317	269	308	14.5
OTC pharmaceuticals	5,277	5,247	5,307	5,451	5,225	-4.1
Medical devices	754	638	537	414	622	50.1
Others	2,366	2,260	2,791	2,205	1,232	-44.1
Total net sales	92,696	98,397	100,485	103,394	101,618	-1.7

[Domestic]

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Prescription pharmaceuticals	76,895	80,308	80,743	82,088	82,270	0.2
Ophthalmic	68,383	71,215	71,272	72,319	72,357	0.1
Anti-rheumatic drugs	8,244	8,869	9,208	9,519	9,634	1.2
Other prescription pharmaceuticals	267	223	263	248	278	11.7
OTC pharmaceuticals	5,260	5,227	5,286	5,430	5,218	-3.9
Medical devices	726	618	515	401	622	55.2
Others	562	629	605	646	508	-21.3
Total domestic sales	83,446	86,784	87,152	88,566	88,620	0.1
(Percentage of total net sales)	90.0%	88.2%	86.7%	85.7%	87.2%	—

[Overseas]

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	% Change 2009/2008
Prescription pharmaceuticals	7,402	9,942	11,105	13,234	12,268	-7.3
Ophthalmic	7,241	9,706	10,880	13,106	12,131	-7.4
Anti-rheumatic drugs	108	172	170	107	106	-0.3
Other prescription pharmaceuticals	52	64	54	20	30	49.0
OTC pharmaceuticals	16	20	20	20	6	-67.8
Medical devices	27	19	21	13	—	—
Others	1,803	1,631	2,185	1,559	723	-53.6
Total overseas sales	9,250	11,613	13,333	14,827	12,998	-12.3
(Percentage of total net sales)	10.0%	11.8%	13.3%	14.3%	12.8%	—

Breakdown by geographic segment



■ Breakdown by geographic segment

Year ended March 31		2005		2006		2007		2008		2009	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	85,837	92.6	89,881	91.3	90,695	90.3	92,098	89.1	91,405	90.0
	Europe	6,374	6.9	8,155	8.3	9,186	9.1	10,617	10.3	9,452	9.3
	Others	484	0.5	360	0.4	604	0.6	678	0.6	761	0.7
	Total	92,696	100.0	98,397	100.0	100,485	100.0	103,394	100.0	101,618	100.0
Operating income by geographic segment	Japan	22,169		22,623		21,768		22,633		18,284	
	Europe	-149		951		979		554		178	
	Others	-743		-708		-754		-819		-661	
	Total	21,276		22,866		21,993		22,368		17,801	
	Corporate and eliminations	-2,294		-1,871		-1,580		-1,997		-2,306	
	Consolidated total	18,982		20,995		20,412		20,370		15,494	

Europe: Finland, Germany and Sweden

Others: U.S.A., China, Korea and Taiwan

Note: Sales of prescription ophthalmics in the U.S.A. are included in sales in Europe.

■ Overseas sales

Year ended March 31		2005		2006		2007		2008		2009	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		4,794	51.8	6,089	52.4	6,916	51.9	8,532	57.5	8,310	64.0
North America		1,703	18.4	1,915	16.5	2,128	16.0	1,951	13.2	938	7.2
Asia		—	—	—	—	—	—	4,326	29.2	3,747	28.8
Others *		2,752	29.8	3,608	31.1	4,287	32.1	16	0.1	2	0.0
Total		9,250	100.0	11,613	100.0	13,333	100.0	14,827	100.0	12,998	100.0

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S.A.

Asia: Korea, China, Vietnam and Taiwan

Others: Australia etc.

* 'Others' before 2007 include the sales amount to the Asian region.

Note: Overseas sales represent sales generated in countries or regions other than Japan by Santen Pharmaceutical Co., Ltd. and its subsidiaries.

Consolidated balance sheets

■ Assets

(Millions of yen)

March 31	2005		2006		2007		2008		2009	
		%		%		%		%		%
Current assets	82,735	59.1	93,892	62.4	100,820	63.4	102,754	65.6	101,053	66.9
Cash and deposits	23,948		34,583		34,295		35,483		37,117	
Notes and accounts receivable-trade	35,625		34,423		35,034		35,614		36,011	
Marketable securities	9,046		11,201		16,914		15,868		11,396	
Inventories	9,826		9,837		10,357		11,332		12,235	
Deferred tax assets	1,625		1,651		1,625		1,699		1,941	
Other current assets	2,681		2,196		2,593		2,757		2,352	
Allowance for doubtful receivables	-18		-1		-0		-1		-1	
Fixed assets	57,244	40.9	56,552	37.6	58,228	36.6	53,548	34.2	49,959	33.1
Tangible assets	32,676	23.3	30,395	20.2	30,485	19.2	29,848	19.1	28,664	19.0
Buildings and structures	18,826		17,119		16,063		15,160		15,864	
Machinery, equipment and vehicles	2,114		2,021		1,817		2,656		2,432	
Land	9,486		9,063		8,842		8,558		8,678	
Leased assets	—		—		—		—		39	
Construction in progress	181		274		1,806		1,879		99	
Other tangibles	2,067		1,916		1,955		1,594		1,550	
Intangible assets	3,318	2.4	2,951	2.0	2,771	1.7	2,233	1.4	1,549	1.0
Software	1,182		1,035		1,660		1,602		1,355	
Other intangibles	2,134		1,915		1,111		630		193	
Investments and other assets	21,250	15.2	23,205	15.4	24,971	15.7	21,466	13.7	19,744	13.1
Investment securities	14,313		17,715		21,019		16,949		11,818	
Deferred tax assets	1,051		379		—		1,822		6,409	
Other assets	5,885		5,109		3,951		2,694		1,516	
Deferred assets	—	—	13	0.0	50	0.0	244	0.2	—	—
Total assets	139,979	100.0	150,458	100.0	159,098	100.0	156,547	100.0	151,012	100.0

Liabilities and net assets

(Millions of yen)

March 31	2005		2006		2007		2008		2009	
		%		%		%		%		%
Current liabilities	22,221	15.9	24,110	16.0	22,369	14.0	26,561	17.0	22,439	14.9
Notes and accounts payable-trade	6,122		5,630		6,089		5,633		6,018	
Short-term debt	—		—		—		—		545	
Current portion of long-term debt	268		168		168		5,168		110	
Other payables	8,577		9,308		8,572		7,690		7,414	
Income taxes payable	3,413		4,946		3,917		4,323		4,163	
Reserve for bonuses	2,481		2,483		2,477		2,612		2,590	
Other reserves	199		81		67		74		69	
Other current liabilities	1,158		1,492		1,077		1,057		1,528	
Noncurrent liabilities	9,518	6.8	7,710	5.1	8,084	5.1	2,867	1.8	3,203	2.1
Long-term debt	6,614		5,446		5,278		110		—	
Lease Obligations	—		—		—		—		43	
Retirement and severance benefits for employee	1,455		1,243		1,405		1,815		2,393	
Retirement and severance benefits for directors and auditors	402		462		513		487		505	
Deferred tax liabilities	23		20		426		17		20	
Other liabilities	1,023		537		460		437		240	
Total liabilities	31,740	22.7	31,820	21.1	30,453	19.1	29,429	18.8	25,643	17.1
Shareholders' equity	109,017	77.8	117,377	78.0	124,997	78.6	126,398	80.7	129,808	86.0
Common stock	6,247	4.5	6,319	4.2	6,382	4.0	6,418	4.1	6,457	4.3
Capital surplus reserves	6,942	4.9	7,014	4.7	7,077	4.5	7,113	4.5	7,152	4.7
Retained earnings	95,901	68.5	104,133	69.2	111,645	70.2	117,786	75.2	121,133	80.2
Treasury stock at cost	-74	-0.1	-90	-0.1	-106	-0.1	-4,920	-3.1	-4,934	-3.3
Valuation and translation adjustments	-777	-0.5	1,260	0.9	3,587	2.3	600	0.4	-4,628	-3.1
Unrealized gains on securities, net of taxes	2,048	1.5	3,995	2.7	5,202	3.3	2,273	1.5	-246	-0.2
Unrealized gains on hedging derivatives, net of taxes	—	—	—	—	3	0.0	—	—	—	—
Foreign currency translation adjustments	-2,826	-2.0	-2,735	-1.8	-1,618	-1.0	-1,673	-1.1	-4,381	-2.9
Stock subscription rights	—	—	—	—	59	0.0	119	0.1	188	0.1
Total net assets	108,239	77.3	118,637	78.9	128,645	80.9	127,118	81.2	125,368	82.9
Total liabilities and net assets	139,979	100.0	150,458	100.0	159,098	100.0	156,547	100.0	151,012	100.0

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009
I. Cash flows from operating activities:					
Income before income taxes	18,436	20,341	21,039	20,482	15,823
Depreciation and amortization	4,749	4,824	4,761	4,593	4,209
Increase/decrease in retirement and severance benefits	-2,550	-212	160	411	553
Interest and dividend income	-249	-261	-459	-606	-548
Interest expense	182	93	90	96	65
Equity in losses of affiliates	—	—	—	—	679
Increase/decrease in trade receivables	-3,082	1,407	-414	-586	-916
Increase/decrease in inventories	594	-18	-356	-1,005	-1,334
Increase/decrease in trade accounts payable	1,065	-495	400	-430	509
Other, net	-1,355	1,534	-1,717	-245	759
Subtotal	17,791	27,215	23,504	22,710	19,801
Interest and dividend income received	246	265	460	610	550
Interest expense paid	-183	-95	-91	-94	-71
Income taxes paid	-11,235	-6,507	-8,914	-7,758	-8,431
Net cash provided by operating activities	6,619	20,878	14,959	15,468	11,849
II. Cash flows from investing activities:					
Increase in fixed deposits	-1,548	-803	-1,223	-1,518	-4,420
Decrease in fixed deposits	2,904	1,041	553	2,160	3,358
Payments for acquisition of fixed assets	-4,906	-2,106	-3,555	-3,151	-2,953
Proceeds from sale of fixed assets	2,488	29	600	5	2
Purchase of investment securities	-3,229	-57	-2,208	-3,266	-2,080
Proceeds from sale of investment securities	1,059	20	—	2,660	462
Payments for loans	—	—	-13	—	-300
Proceeds from loans	—	1	—	—	311
Other, net	325	544	—	1,027	0
Net cash provided by investing activities	-2,907	-1,330	-5,845	-2,083	-5,619
III. Cash flows from financing activities:					
Proceeds from short-term debt	—	—	—	—	545
Repayment of long-term debt	-5,804	-1,268	-168	-168	-5,168
Purchase of treasury stock	-2,582	-15	-16	-4,815	-15
Dividends paid	-4,393	-4,759	-5,632	-6,505	-6,798
Other, net	68	143	126	73	63
Net cash provided by financing activities	-12,711	-5,900	-5,691	-11,415	-11,373
IV. Effect of exchange rate changes on cash and cash equivalents	-42	75	313	-140	-569
V. Net increase/decrease in cash and cash equivalents	-9,042	13,723	3,736	1,828	-5,713
VI. Cash and cash equivalents at beginning of year	41,422	32,380	46,104	49,841	51,669
VII. Cash and cash equivalents at end of year	32,380	46,104	49,841	51,669	45,956

Capital expenditures and number of employees

■ Capital expenditures

(Millions of yen)

Year ended March 31	2005	2006	2007	2009	2009	2010 Forecast
Consolidated	1,674	1,420	2,716	2,758	2,744	1,830

Note: Includes investment in facilities spent on a lease contract basis.

■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	2010 Forecast
Manufacturing cost	1,613	1,546	1,494	1,635	1,822	1,740
Selling, general and administrative expenses	740	626	576	626	622	460
R&D expenses	1,312	1,157	1,212	1,091	946	1,060
Others	30	12	12	0	0	160
Consolidated	3,696	3,343	3,295	3,353	3,391	3,410

■ Lease expenses

(Millions of yen)

Year ended March 31	2005	2006	2007	2008	2009	2010 Forecast
Consolidated	1,012	1,104	1,064	1,042	931	520
Manufacturing cost	891	994	936	925	821	430

■ Number of employees

Year ended March 31	2005	2006	2007	2008	2009
Consolidated	2,308	2,312	2,409	2,483	2,690
Sales division	790	785	853	907	1,007
Production division	827	787	754	798	828
R&D division	460	483	533	519	541
Corporate or back-office division	231	257	269	259	314

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