

## Sales of major prescription pharmaceuticals

(Millions of yen)

Brand name Generic name/formulation	Therapeutic category	Three months ended December 31, 2003 Actual	Nine months ended December 31, 2003 Actual	Year ended March 31, 2004 Actual	Three months ended December 31, 2004 Actual	Nine months ended December 31, 2004 Actual	Year ending March 31, 2005 Forecasts
<b>Prescription pharmaceuticals</b>		<b>21,120</b>	<b>62,489</b>	<b>80,061</b>	<b>23,044</b>	<b>63,645</b>	<b>82,340</b>
				(0.9)	(9.1)	(1.9)	(2.8)
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	3,335	10,152	12,957	3,408	10,422	12,920
				(2.1)	(2.2)	(2.7)	(0.3)
Quixin levofloxacin/ophthalmic solution	Bacterial conjunctivitis	312	1,672	1,982	-	-	-
				(41.6)	-	-	-
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	1,267	3,937	4,847	1,112	3,630	4,460
				( 12.9)	( 12.3)	( 7.8)	( 8.0)
Timoptol timolol maleate/ophthalmic solution	Glaucoma	1,303	3,779	4,846	1,249	3,536	4,440
				( 8.4)	( 4.2)	( 6.4)	( 8.4)
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	736	2,048	2,654	815	2,225	2,810
				(7.1)	(10.7)	(8.6)	(5.9)
Pivalephrine dipivefrine hydrochloride	Glaucoma	129	385	472	108	320	380
				( 24.8)	( 16.1)	( 16.9)	( 19.5)
Detantol bunazosin hydrochloride	Glaucoma	538	1,464	1,917	615	1,713	2,160
				(27.9)	(14.2)	(17.0)	(12.7)
Rescula unoprostone isopropyl	Glaucoma	-	-	-	1,602	1,602	2,690
				-	-	-	-
Betimol timolol ophthalmic solution	Glaucoma	506	1,350	1,412	-	-	-
				(64.9)	-	-	-
Livostin levocabastine hydrochloride/ ophthalmic solution	Allergy	593	1,704	2,729	775	2,200	3,780
				( 9.9)	(30.8)	(29.1)	(38.5)
Alegysal pemirolast potassium/ophthalmic solution	Allergy	182	506	699	196	574	890
				( 17.6)	(7.9)	(13.3)	(27.3)
Alamast pemirolast potassium/ophthalmic solution	Allergy	157	474	462	-	-	-
				(131.5)	-	-	-
Hyalein sodium hyaluronate/ophthalmic solution	Corneal disease	3,696	10,576	13,893	4,193	11,693	14,890
				(5.6)	(13.4)	(10.6)	(7.2)
Flumetholon fluorometholone/ophthalmic solution	Inflammation	1,223	3,609	4,658	1,188	3,754	4,740
				( 11.0)	( 2.9)	(4.0)	(1.8)
Kary Uni pirenoxine/ophthalmic solution	Early-stage senile cataract	844	2,607	3,295	895	2,572	3,240
				( 0.9)	(6.1)	( 1.4)	( 1.7)
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	609	1,798	2,267	691	1,848	2,290
				( 1.7)	(13.6)	(2.8)	(1.0)
BSS PLUS oxiglutatione/ophthalmic perfusate and lotion	Perfusate/ lotion	365	1,078	1,358	355	1,014	1,270
				( 9.7)	( 2.7)	( 5.9)	( 6.5)
Rimatil bucillamine/tablet	Rheumatoid arthritis	1,373	3,818	4,836	1,381	3,886	4,860
				(1.8)	(0.6)	(1.8)	(0.5)
Azulfidine EN salazosulfapyridine/enteric coated tablet	Rheumatoid arthritis	869	2,447	3,132	984	2,671	3,350
				(8.8)	(13.2)	(9.2)	(7.0)
Prescription ophthalmic pharmaceuticals for U.S.A. (Quixin, Betimol and Alamast)		-	-	-	139	327	740
				-	-	-	-
<b>OTC pharmaceuticals</b>		<b>1,305</b>	<b>3,510</b>	<b>4,672</b>	<b>1,454</b>	<b>4,047</b>	<b>5,300</b>
				( 17.4)	(11.4)	(15.3)	(13.4)

lower: year on year percentage change

## Pipeline of prescription pharmaceuticals (Clinical studies)

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (0.5%)	Cravit Quixin Oftaquix	Bacterial conjunctivitis Bacterial conjunctivitis Bacterial conjunctivitis	Daiichi Pharmaceutical	Japan						Apr-00
				USA						Nov-00
				Europe						May-02
Levofloxacin (1.5%)	Iquix	Bacterial corneal ulcer	Daiichi Pharmaceutical	USA					Mar-04	
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Pharmaceutical	USA						

Characteristics: Fluoroquinolone antibacterial agent. In Europe, Oftaquix has obtained marketing authorization in 13 countries and was launched in six countries including Germany. Iquix is a higher-concentration fluoroquinolone with potent antibacterial action. Levofloxacin + prednisolone A is a combination treatment with steroids.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Pemirolast potassium	Alegysal Alamast Alamast	Allergic conjunctivitis	Mitsubishi Pharma	Japan						Apr-95
				USA						Jul-00
				Europe					Dec-99	

Characteristics: A mast cell stabilizer with superior efficacy on allergic conjunctivitis and vernal keratoconjunctivitis.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Ciclosporin	DE-076	Vernal keratoconjunctivitis	Novartis Pharma	Japan					Aug-03	

Characteristics: An orphan drug. Ophthalmic application of immuno-suppressant ciclosporin. Expected to treat advanced vernal keratoconjunctivitis for which existing anti-allergic agents are not effective. Because it is an ophthalmic solution, virtually no generalized side effects are noted.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafuprost	DE-085	Glaucoma/ ocular hypertension	Co-development with Asahi Glass	Japan USA/Europe						

Characteristics: Prostaglandin glaucoma treatment that reduces intraocular pressure. Clinical trials are being conducted in parallel in Japan, the U.S. and Europe. Expected to have greater efficacy in reducing intraocular pressure than other prostaglandin products. Can be stored at room temperature.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma/ ocular hypertension	Sankyo	Japan USA/Europe						

Characteristics: The only angiotensin II receptor antagonist in full-fledged development as a glaucoma treatment. Comparable to prostaglandin products in reducing intraocular pressure. Very few side effects, including conjunctival hyperemia, are expected. Great potential for the U.S. and European markets where patients with ocular hypertension account for the majority of the glaucoma population.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCL	DE-090	Glaucoma	Nippon Organon	Japan						

Characteristics: A new type of oral glaucoma treatment studied for inhibiting the progression of visual field defects. The only calcium antagonist in full-fledged development as a glaucoma treatment. Compared with NMDA receptor antagonists, fewer generalized side effects are expected, thus having excellent safety. Marketed by Nippon Organon as a migraine drug.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol tetrasodium	DE-089	Dry eye	Inspire Pharm.	Japan						

Characteristics: A treatment for dry eye that stimulates the ocular surface to secrete tear fluid and moisture. Expected to be used in combination with existing dry eye treatments, and be effective for patients for whom existing treatments are insufficient.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-096	Rheumatoid arthritis	Original	Japan		In preparation				
		Diabetes Mellitus Edema		Japan		In preparation				

Characteristics: An oral TNF inhibitor. Anti-rheumatic effect comparable to injectable biological agents has been observed in basic research. In addition to RA the effect on DME was also observed in basic research, clinical studies are being conducted with both

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Gefarnate	DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Original	Japan						

Characteristics: Treats corneal and conjunctival epithelial disorder mostly associated with dry eye, by stimulating the secretion of mucin and promoting the corneal epithelial migration. Preservative-free eye ointment that can be used in combination with existing drugs.

### Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

Generic name	Brand name/dev. code	Indication	Original/in-licensor
Bucillamine	Rimatil	Osteoarthritis (additional indication)	Original
Characteristics: Shown to be effective on joint inflammation caused by osteoarthritis.			

### Pipeline of medical devices

Product under development	Product name	Region
Intraocular lens	MD-14	Japan and USA
Characteristics: Foldable intraocular lens using new material with high refractive index. Developed by U.S. subsidiary Advanced Vision Science, Inc.. NDA filed in Japan. In clinical trials in USA.		

### License out

Brand name/dev. code	Indication	Region	Licensee	Status	in-licensor
DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Japan	Argenes	preparing for clinical trials	Centocor
Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established, and drug development is being studied. Santen granted the domestic development rights to Argenes, Inc. The compound had been in-licensed from Centocor. Santen continues to hold the marketing rights in Japan and the overseas marketing and development rights.					

### Changes from November 7, 2004

[Progress]

Brand name/dev. code	Indication	Region	Status change
DE-096	Rheumatoid arthritis	Japan	Phase I to in preparation for phase II
	Diabetes Mellitus Edema(DME)	Japan	In preparation for phase II

## Capital expenditures

(Millions of yen)

	Three months ended December 31,2003 Actual	Nine months ended December 31,2003 Actual	Year ended March 31,2004 Actual	Three months ended December 31,2004 Actual	Nine months ended December 31,2004 Actual	Year ending March 31,2005 Forecasts
Capital expenditures	413	2,148	2,871	279	1,364	1,680

## Depreciation and amortization

(Millions of yen)

	Three months ended December 31,2003 Actual	Nine months ended December 31,2003 Actual	Year ended March 31,2004 Actual	Three months ended December 31,2004 Actual	Nine months ended December 31,2004 Actual	Year ending March 31,2005 Forecasts
Consolidated total	1,004	2,885	3,914	934	2,747	3,700
Manufacturing cost	427	1,196	1,626	401	1,166	1,600
Selling,general and administrative expenses	191	549	746	188	563	760
R&D expenses	378	1,116	1,499	337	993	1,310
Others	7	22	40	5	24	30

## Lease expenses

(Millions of yen)

	Three months ended December 31,2003 Actual	Nine months ended December 31,2003 Actual	Year ended March 31,2004 Actual	Three months ended December 31,2004 Actual	Nine months ended December 31,2004 Actual	Year ending March 31,2005 Forecasts
Consolidated total	231	545	784	275	737	1,070
Manufacturing cost	204	451	656	246	646	930

## R&D expenses

(Millions of yen)

	Three months ended December 31,2003 Actual	Nine months ended December 31,2003 Actual	Year ended March 31,2004 Actual	Three months ended December 31,2004 Actual	Nine months ended December 31,2004 Actual	Year ending March 31,2005 Forecasts
R&D expenses	2,769	9,014	11,853	2,760	8,628	12,400
Net sales ratio	11.6%	12.9%	13.2%	11.0%	12.3%	13.7%