



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book

Half Year Ended September 30, 2010

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Financial highlights



■ Consolidated financial summary

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast	% Change
Net sales	52,217	101,618	59,123	110,594	53,914	-8.8	108,500	-1.9
Operating income	5,636	15,494	19,036	29,640	14,112	-25.9	26,300	-11.3
Ordinary income	6,014	15,935	18,875	29,862	14,490	-23.2	27,000	-9.6
Net income	3,724	10,123	11,670	18,722	9,272	-20.5	17,500	-6.5
Dividends per share (yen)	40	80	40	80	40	—	80	—
DOE (%)	5.3	5.4	5.0	5.2	4.9	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change
Total assets	154,396	151,012	164,520	166,878	167,378	1.7
Net assets	127,583	125,368	135,393	137,603	141,693	4.7
Interest-bearing debts	194	699	891	617	354	-60.3

■ Consolidated financial indexes

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast	% Change
EPS (yen)	43.81	119.08	137.23	220.10	108.94	-20.6	205.72	-6.5
BPS (yen)	1,498.47	1,472.32	1,588.68	1,614.08	1,660.96	4.5	—	—
Debt equity ratio (times)	0.00	0.01	0.01	0.00	0.00	—	—	—
PER (times)	30.5	23.0	12.0	12.7	13.3	—	—	—
PBR (times)	1.78	1.86	2.08	1.74	1.74	—	—	—
ROE (%)	5.9	8.0	17.9	14.3	13.3	—	—	—
ROA (%)	4.8	6.6	14.8	11.8	11.1	—	—	—
Equity ratio (%)	82.5	82.9	82.1	82.3	84.5	—	—	—
* Free cash flows (millions of yen)	4,078	8,896	15,472	24,795	5,511	-64.4	—	—
* EBITDA (millions of yen)	8,288	20,098	20,402	32,084	15,896	-22.1	—	—

*Free cash flows = (Cash flows from operating activities) - (Capital expenditures)

Not adjusting increase/decrease in trade receivables for fiscal years ending on holidays.

*EBITDA = (Income before income taxes) + (Interest expense) + (Depreciation and amortization)

■ Exchange rates

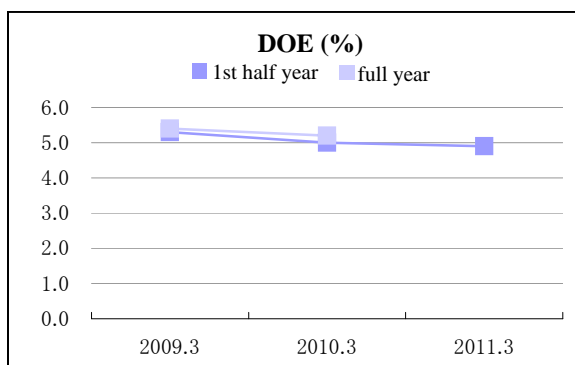
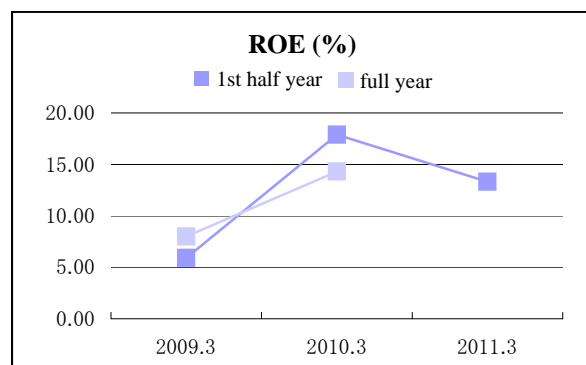
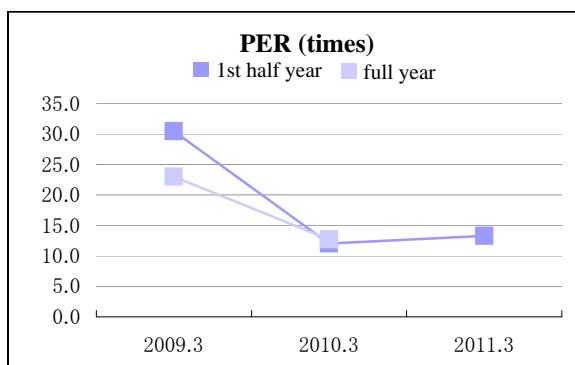
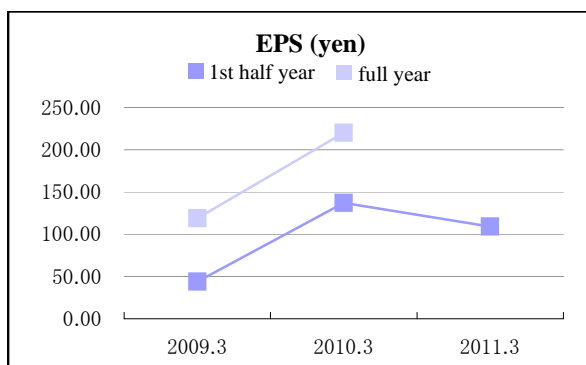
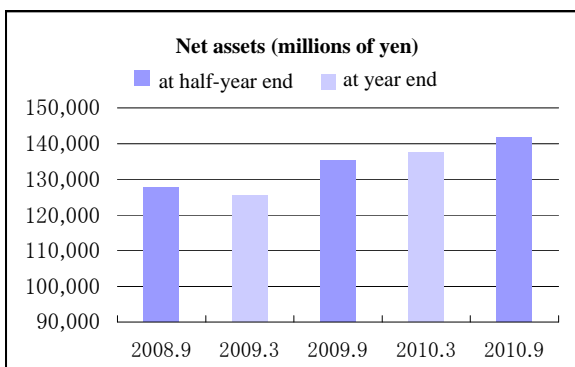
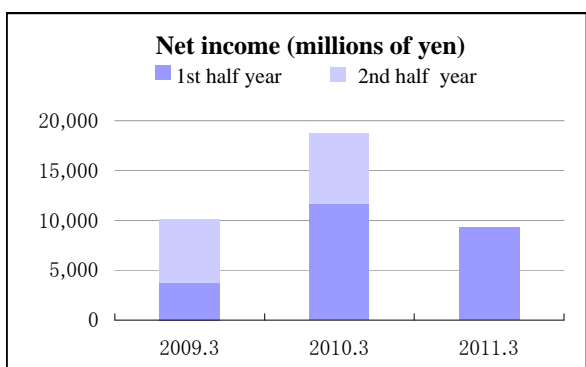
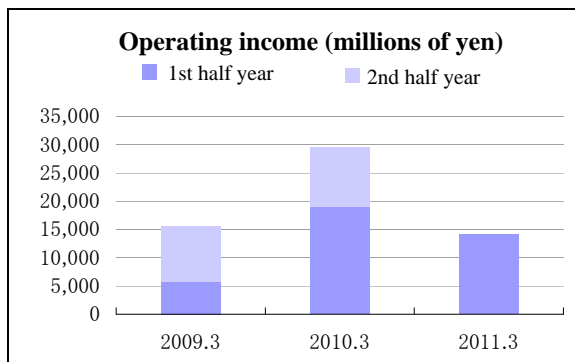
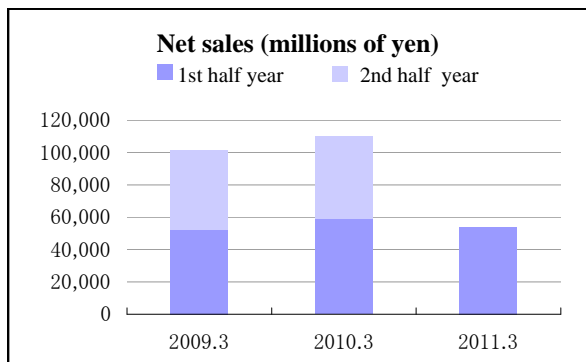
(Yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010
Exchange rate: US dollar	105.75	100.81	95.48	92.79	88.88
: Euro	163.13	146.71	132.14	131.12	115.85
: RMB	—	14.86	14.00	13.70	13.40

*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.

Financial highlights

■ Consolidated Financial summary (Graph)



Consolidated Information

Consolidated income statements



(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	Change over previous half year (%)
Net sales	52,217	101,618	59,123	110,594	53,914	-8.8
Cost of sales	18,423	35,947	17,768	34,710	17,435	-1.9
(Percentage of net sales)	35.3%	35.4%	30.1%	31.4%	32.3%	
Gross profit	33,793	65,671	41,355	75,884	36,478	-11.8
(Percentage of net sales)	64.7%	64.6%	69.9%	68.6%	67.7%	
Selling, general and administrative expenses	28,157	50,177	22,318	46,244	22,366	0.2
(Percentage of net sales)	53.9%	49.4%	37.7%	41.8%	41.5%	
R&D expenses	11,832	18,457	6,922	14,123	6,379	-7.8
(Percentage of net sales)	22.7%	18.2%	11.7%	12.8%	11.8%	
Operating income	5,636	15,494	19,036	29,640	14,112	-25.9
(Percentage of net sales)	10.8%	15.2%	32.2%	26.8%	26.2%	
Non-operating income	782	1,430	447	842	486	8.5
Non-operating expenses	403	989	609	620	107	-82.4
Ordinary income	6,014	15,935	18,875	29,862	14,490	-23.2
(Percentage of net sales)	11.5%	15.7%	31.9%	27.0%	26.9%	
Extraordinary gain	18	18	—	74	6	—
Extraordinary loss	39	129	206	1,327	113	-44.9
Income before income taxes	5,994	15,823	18,668	28,610	14,383	-23.0
(Percentage of net sales)	11.5%	15.6%	31.6%	25.9%	26.7%	
Income taxes - current	4,379	8,269	7,337	10,687	4,537	-38.2
Income taxes - deferred	-2,109	-2,568	-340	-800	573	-268.4
Net income	3,724	10,123	11,670	18,722	9,272	-20.5
(Percentage of net sales)	7.1%	10.0%	19.7%	16.9%	17.2%	

Consolidated Information

Consolidated income statements details

■ Major Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	Change over previous half year (%)
Personnel expenses	6,694	13,089	6,564	13,347	6,767	3.1
Sales promotion expenses	2,100	4,084	1,860	4,172	2,028	9.0
Royalty expenses	986	2,116	1,261	2,497	1,356	7.6
Advertising expenses	991	1,878	1,003	1,637	879	-12.4
R&D expenses	11,832	18,457	6,922	14,123	6,379	-7.8

■ Major Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	Change over previous half year (%)
Interest and dividend income	289	548	176	417	249	41.7
Gain on insurance received	103	103	128	128	136	6.6
Interest expense	45	65	22	52	24	8.4

■ Major Extraordinary gain and loss

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010
Gain on sale of fixed assets	—	—	—	0	5
Gain on sale of golf club memberships	—	—	—	—	1
Loss on disposal of fixed assets	23	73	9	18	3
Loss on sale of golf club memberships	—	—	—	—	1
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	—	—	108

Sales details



■ Sales by division

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast
Pharmaceuticals	51,976	100,970	58,391	109,057	52,964	-9.3	105,696
Prescription pharmaceuticals	49,254	95,745	55,598	103,806	50,456	-9.2	100,331
Ophthalmic	43,469	84,488	44,470	86,867	44,887	0.9	88,796
Anti-rheumatic drugs	4,986	9,741	5,097	9,907	5,045	-1.0	9,762
Other prescription pharmaceuticals	798	1,515	6,030	7,030	523	-91.3	1,772
OTC pharmaceuticals	2,722	5,225	2,792	5,251	2,507	-10.2	5,364
Others	240	648	732	1,537	950	29.7	2,803
Medical devices	228	624	723	1,520	944	30.6	2,763
Others	12	24	9	16	5	-38.8	40
Total net sales	52,217	101,618	59,123	110,594	53,914	-8.8	108,500

[Domestic]

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast
Pharmaceuticals	44,658	87,972	45,534	88,605	45,236	-0.7	88,759
Prescription pharmaceuticals	41,941	82,754	42,757	83,372	42,734	-0.1	83,403
Ophthalmic	36,615	72,357	37,294	72,666	37,423	0.3	72,597
Anti-rheumatic drugs	4,964	9,634	5,038	9,772	4,987	-1.0	9,636
Other prescription pharmaceuticals	361	762	424	933	322	-24.0	1,169
OTC pharmaceuticals	2,716	5,218	2,776	5,232	2,502	-9.9	5,356
Others	240	647	446	980	679	52.2	1,993
Medical devices	227	622	436	963	673	54.1	1,953
Others	12	24	9	16	5	-38.8	40
Total domestic sales	44,898	88,620	45,980	89,586	45,915	-0.1	90,753
(Percentage of total net sales)	86.0%	87.2%	77.8%	81.0%	85.2%	—	83.6%

[Overseas]

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast
Pharmaceuticals	7,318	12,997	12,856	20,451	7,728	-39.9	16,936
Prescription pharmaceuticals	7,312	12,990	12,840	20,433	7,722	-39.9	16,928
Ophthalmic	6,854	12,131	7,175	14,201	7,463	4.0	16,199
Anti-rheumatic drugs	21	106	58	135	57	-0.6	125
Other prescription pharmaceuticals	437	752	5,606	6,096	201	-96.4	602
OTC pharmaceuticals	5	6	16	18	5	-65.5	8
Others	0	1	286	556	271	-5.3	810
Medical devices	0	1	286	556	271	-5.3	810
Others	—	—	—	—	—	—	—
Total overseas sales	7,318	12,998	13,142	21,008	7,999	-39.1	17,746
(Percentage of total net sales)	14.0%	12.8%	22.2%	19.0%	14.8%	—	16.4%

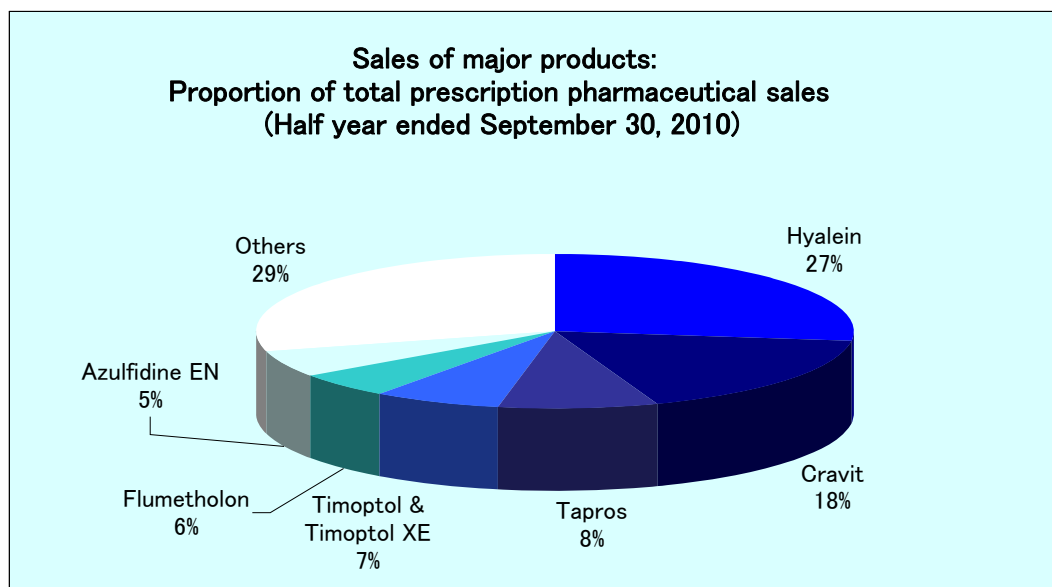
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Sales details

■ Sales of major prescription pharmaceuticals

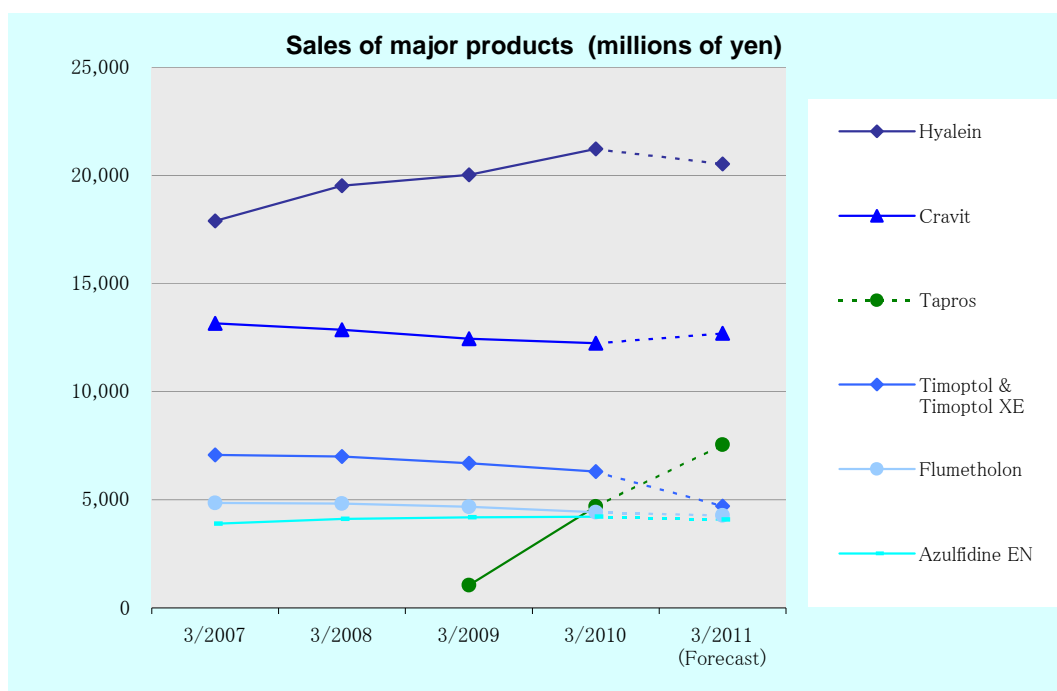
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
	dorzolamide hydrochloride-timolol maleate/ combination ophthalmic solution	Cosopt	Japan	Jun-10
	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
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)

Half year/year to								Brand name
9/2008	3/2009	9/2009	3/2010	9/2010	% Change	3/2011 Forecast	% Change	
7,008	12,443	6,639	12,240	6,950	4.7	12,698	3.7	Cravit
1,451	2,488	1,441	2,423	1,254	-13.0	2,353	-2.9	Tarivid
—	1,058	1,984	4,687	3,306	66.6	7,556	61.2	Tapros
—	—	—	—	1,003	—	2,141	—	Cosopt
1,741	3,213	1,513	2,832	1,174	-22.4	1,680	-40.7	Timoptol
1,822	3,477	1,788	3,475	1,579	-11.7	3,026	-12.9	Timoptol XE
1,182	2,283	1,127	2,168	1,079	-4.2	2,125	-2.0	Detantol
2,308	4,386	1,981	3,669	1,471	-25.7	2,842	-22.5	Rescula
1,390	4,302	1,272	3,229	1,090	-14.3	2,886	-10.6	Livostin
10,539	20,030	10,978	21,219	10,639	-3.1	20,536	-3.2	Hyalein
2,303	4,671	2,307	4,432	2,179	-5.5	4,280	-3.4	Flumetholon
1,852	3,572	1,933	3,728	1,939	0.3	3,784	1.5	Kary Uni
1,634	3,236	1,767	3,431	1,650	-6.7	3,207	-6.5	Opegan Hi
2,339	4,539	2,281	4,352	2,062	-9.6	3,970	-8.8	Rimatil
2,150	4,187	2,182	4,216	2,109	-3.3	4,083	-3.2	Azulfidine EN



*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.

Consolidated balance sheets

■ Assets

At half-year/year end	9/2008		3/2009		9/2009		3/2010		9/2010	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	99,085	64.2	101,053	66.9	114,010	69.3	118,832	71.2	118,927	71.1
Cash and deposits	30,970		37,117		49,351		56,677		55,435	
Notes and accounts receivable-trade	36,727		36,011		37,229		35,268		37,262	
Marketable securities	15,389		11,396		10,498		8,998		8,913	
Inventories	11,131		12,235		12,411		13,623		13,356	
Deferred tax assets	1,692		1,941		2,170		2,166		2,046	
Other current assets	3,175		2,352		2,351		2,098		1,915	
Allowance for doubtful receivables	-2		-1		-1		-0		-1	
Fixed assets	55,311	35.8	49,959	33.1	50,509	30.7	48,046	28.8	48,451	28.9
Tangible assets	29,601	19.2	28,664	19.0	27,976	17.0	26,574	15.9	25,376	15.2
Buildings and structures	16,023		15,864		15,430		14,622		13,982	
Machinery, equipment and vehicles	2,654		2,432		2,234		1,994		1,758	
Land	8,565		8,678		8,667		8,418		8,215	
Leased assets	—		39		48		97		90	
Construction in progress	859		99		101		43		60	
Other tangibles	1,499		1,550		1,494		1,397		1,269	
Intangible assets	1,720	1.1	1,549	1.0	1,307	0.8	1,231	0.7	1,044	0.6
Software	1,387		1,355		1,197		1,158		997	
Other intangibles	333		193		109		72		46	
Investments and other assets	23,989	15.5	19,744	13.1	21,225	12.9	20,240	12.1	22,030	13.2
Investment securities	17,137		11,818		13,926		12,239		13,841	
Deferred tax assets	4,790		6,409		5,907		6,702		6,734	
Other assets	2,060		1,516		1,391		1,299		1,454	
Total assets	154,396	100.0	151,012	100.0	164,520	100.0	166,878	100.0	167,378	100.0

■ Liabilities and net assets

Half year/year to	9/2008		3/2009		9/2009		3/2010		9/2010	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	23,650	15.3	22,439	14.9	25,322	15.4	25,286	15.2	21,588	12.9
Notes and accounts payable -trade	5,151		6,018		5,193		5,600		5,103	
Short term debt	—		545		815		543		260	
Current portion of long-term debt	168		110		26		—		—	
Other payables	10,268		7,414		7,293		7,936		7,467	
Income taxes payable	4,439		4,163		7,413		6,618		4,544	
Reserve for bonuses	2,473		2,590		2,459		2,687		2,504	
Other current liabilities	1,148		1,597		2,122		1,901		1,706	
Noncurrent liabilities	3,162	2.1	3,203	2.1	3,803	2.3	3,988	2.4	4,096	2.4
Long-term debt	26		—		—		—		—	
Retirement and severance benefits for employee	2,173		2,393		2,711		2,910		3,153	
Retirement and severance benefits for directors and auditors	496		505		448		456		446	
Asset retirement obligations	—		—		—		—		159	
Other liabilities	466		304		643		621		337	
Total liabilities	26,813	17.4	25,643	17.1	29,126	17.7	29,275	17.5	25,685	15.3
Shareholders' equity	126,813	82.1	129,808	86.0	138,163	84.0	141,866	85.0	147,819	88.3
Common stock	6,451	4.2	6,457	4.3	6,502	4.0	6,538	3.9	6,591	3.9
Capital surplus	7,146	4.6	7,152	4.7	7,197	4.4	7,233	4.3	7,286	4.4
Retained earnings	118,144	76.5	121,133	80.2	129,403	78.7	133,053	79.7	138,922	83.0
Treasury stock, at cost	-4,928	-3.2	-4,934	-3.3	-4,940	-3.0	-4,958	-3.0	-4,979	-3.0
Accumulated gains on evaluation and translation	581	0.4	-4,628	-3.1	-3,029	-1.8	-4,524	-2.7	-6,432	-3.8
Unrealized gains on securities, net of taxes	2,158	1.4	-246	-0.2	744	0.5	136	0.1	-556	-0.3
Foreign currency translation adjustments	-1,577	-1.0	-4,381	-2.9	-3,774	-2.3	-4,660	-2.8	-5,875	-3.5
Stock subscription rights	188	0.1	188	0.1	260	0.2	260	0.2	306	0.2
Total net assets	127,583	82.6	125,368	82.9	135,393	82.3	137,603	82.5	141,693	84.7
Total liabilities and net assets	154,396	100.0	151,012	100.0	164,520	100.0	166,878	100.0	167,378	100.0

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010
I. Cash flows from operating activities:					
Income before income taxes	5,994	15,823	18,668	28,610	14,383
Depreciation and amortization	2,248	4,209	1,711	3,421	1,488
Increase/decrease in retirement and severance benefits	314	553	317	517	248
Interest and dividend income	-289	-548	-176	-417	-249
Interest expense	45	65	22	52	24
Equity in losses of affiliates	282	679	250	564	—
Increase/decrease in trade receivables	-1,110	-916	-1,088	698	-2,237
Increase/decrease in inventories	223	-1,334	-71	-1,438	6
Increase/decrease in trade accounts payable	-467	509	-853	-248	-582
Other, net	2,085	759	1,198	2,269	-463
Subtotal	9,326	19,801	19,979	34,030	12,618
Interest and dividend income received	289	550	176	418	244
Interest expense paid	-45	-71	-17	-46	-25
Income taxes paid	-4,276	-8,431	-4,125	-8,291	-6,543
Net cash provided by operating activities	5,294	11,849	16,013	26,110	6,294
II. Cash flows from investing activities:					
Increase in fixed deposits	-2,824	-4,420	-887	-2,236	-1,933
Decrease in fixed deposits	2,768	3,358	1,063	1,937	1,235
Payments for acquisition of marketable securities	—	—	—	-3,599	-1,412
Payments for acquisition of fixed assets	-1,215	-2,953	-541	-1,314	-783
Proceeds from sale of fixed assets	—	2	—	2	185
Purchase of investment securities	-854	-2,080	-1,003	-1,027	-3,071
Proceeds from sale of investment securities	—	462	115	309	3
Payments for loans	-300	-300	-49	-49	—
Proceeds from loans	311	311	49	49	—
Other, net	0	0	1	5,100	8
Net cash provided by investing activities	-2,114	-5,619	-1,252	-829	-5,769
III. Cash flows from financing activities:					
Proceeds from short-term debt	—	545	280	548	268
Repayment of short-term debt	—	—	—	-520	-536
Repayment of long-term debt	-5,084	-5,168	-84	-110	—
Dividends paid	-3,397	-6,798	-3,400	-6,803	-3,401
Other, net	58	47	82	132	74
Net cash provided by financing activities	-8,423	-11,373	-3,122	-6,753	-3,594
IV. Effect of exchange rate changes on cash and cash equivalents	192	-569	-197	-135	-463
V. Net increase/decrease in cash and cash equivalents	-5,051	-5,713	11,441	18,392	-3,532
VI. Cash and cash equivalents at beginning of year	51,669	51,669	45,956	45,956	64,348
VII. Cash and cash equivalents at end of year	46,618	45,956	57,397	64,348	60,815

Other Consolidated information



■ R&D expenses

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	3/2011 Forecast
Consolidated	11,832	18,457	6,922	14,123	6,379	14,100
Percentage of net sales	22.7%	18.2%	11.7%	12.8%	11.8%	13.0%

■ Capital expenditures

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	3/2011 Forecast
Consolidated	1,005	2,744	376	1,228	497	2,790

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

■ Depreciation and amortization

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	3/2011 Forecast
Manufacturing cost	898	1,822	822	1,701	730	1,600
Selling, general and administrative expenses	323	622	294	556	274	640
R&D expenses	423	946	470	945	373	820
Consolidated total	1,645	3,391	1,586	3,202	1,379	3,060

Note: Excludes amortization of long-term prepaid expense and goodwill.

■ Lease expenses

(Millions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010	3/2011 Forecast
Consolidated	485	931	334	527	128	190
Manufacturing cost	431	821	287	437	92	160

■ Number of employees

At half-year/year end	9/2008	3/2009	9/2009	3/2010	9/2010
Consolidated	2,552	2,690	2,727	2,756	2,818
Sales division	938	1,007	1,053	1,048	1,120
Production division	818	828	832	838	839
R&D division	526	541	547	557	562
Corporate or back-office division	270	314	295	313	297

*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.

Reference information

Research & development

■ Pipeline of prescription pharmaceuticals (Clinical trials)

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched		
Tafluprost	DE-085	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Dec-08		
				Europe							Jun-08	
				U.S.	(Licensed Out)							
				Latin America	(Licensed Out)							Aug-10
				Asia								Mar-10

Prostaglandin derivative for treatment of glaucoma and ocular hypertension. Commercially launched in Japan in December, 2008. Also launched in Europe such as in Germany, Denmark, etc. and in Asia, Hong Kong and Korea. Phase III clinical trials are currently being conducted in China. Development rights in the U.S. were granted to Merck in April, 2009.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Inspire Pharm	Japan						Apr-10
				Asia						

A treatment for dry eye that stimulates the secretion of mucin and tear fluid from the ocular surface. It has a different mechanism of action from existing treatments. It was approved for manufacturing and marketing in Japan in April, 2010 and is in preparation for commercial launch. Phase III clinical trials are being conducted in China.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	MSD	Japan						

A new type of glaucoma treatment under development for inhibiting the progression of visual field defects. The only calcium antagonist in development as an oral glaucoma treatment. Compared with NMDA receptor antagonists, fewer systemic side effects are expected, thus having excellent safety. Marketed by MSD in Japan as a migraine treatment.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Daiichi Sankyo	U.S.	(Phase I / II)					
				Japan						

Expected to show a potent effect on corneal and conjunctival epithelial disorder mostly associated with dry eye by directly acting on the corneal and conjunctival epithelial cells. It has unique mechanism of action which differs from existing treatments.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-102	Diabetic macular edema	Co-development with Oakwood (U.S.)	Japan	(Phase I / II)					

A steroid microsphere product for a sustained release injection. Animal studies demonstrated sustained efficacy when injected around the affected area. Collaborated with Oakwood Laboratories (U.S.) for technical development in commercial scale.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-105	Persistent corneal epithelial defects	Original	U.S.						
				Japan						

Expected to accelerate corneal epithelial migration and demonstrate high safety for intractable persistent corneal epithelial defects compared with existing therapy.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (1.5%)	DE-108	Bacterial conjunctivitis	Daiichi Sankyo	Japan						Feb-10

A fluoroquinolone antibacterial agent with higher-concentration. Filed for manufacturing and marketing approval.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Sirolimus	DE-109	Wet age related macular degeneration(wet AMD)/ Diabetic macular edema(DME)	Original	Japan	(Phase I / II)					

Subconjunctival or intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Santen acquired global development, manufacturing and marketing rights of sirolimus in June 2010.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-110	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Original	U.S.						

A selective glucocorticoid receptor agonist (SEGRA). Phase II clinical trials are being conducted in the U.S. for the treatment of corneal and conjunctival epithelial disorder associated with dry eye, etc.

■ Pipeline of prescription pharmaceuticals (Clinical trials)

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafluprost/ timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Original	Japan						
			Co-development	Europe	Under preparation					

A combination drug of a prostaglandin derivative and a beta-adrenergic receptor blocking agent for treatment of glaucoma and ocular hypertension.

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Centocor	Europe	(Phase I / II)					
				Japan	(Phase I / II)					

Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established. Santen acquired domestic and international development and marketing rights of Anti-APO-1 antibody from Centocor. Clinical trials are being conducted in Japan and Europe.

■ Changes from August 3, 2010

Dev. Code	Indication	Stage	Region	Changes
DE-085	Glaucoma/Ocular hypertension	Launched	Europe Latin America	Added launched countries

Dev. code	Indication	Stage	Region	Changes
DE-104	Glaucoma/ Ocular hypertension	Phase II (Japan) Phase I/II (U.S.)	Japan/ U.S.	Discontinued

[Reasons for discontinuation.]
The results demonstrated that it was difficult to meet certain clinical trial criteria.

Dev. Code	Indication	Stage	Region	Changes
DE-110	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Phase II	U.S.	Started Phase II

Dev. Code	Indication	Stage	Region	Changes
DE-111	Glaucoma/ Ocular hypertension	Phase I (Pk test*)	Japan	Started Phase I (PK test*)
		Phase III under preparation	Europe	Phase III under preparation

*PK test: Pharmacokinetics test, to clarify drug disposition

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Industry average	-9.7	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%
Ophthalmic drugs	-7.5	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%
Santen	-7.2	—	-5.7	—	-6.0	—	-3.2	—	-5.3	—	mid -3%	—	mid -5%

(Compiled by Santen)

Revision of NHI drug prices: In Japan, drug prices are generally revised every two years to reflect their market price. The drugs marketed at lower market prices will bear larger reduction margins at the revision.

■ Market shares

(Billions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010
Prescription ophthalmics	39.1%	38.0%	38.3%	37.3%	37.0%
	110.3	226.9	116.1	234.9	118.5
Anti-rheumatic drugs	45.5%	45.0%	44.1%	43.9%	43.1%
	12.5	24.8	13.0	25.7	12.8

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

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Source: Santen analysis based on IMS data(JPM)

Period: 2008.4-2010.9; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2008	3/2009	9/2009	3/2010	9/2010
Anti-glaucoma	19.7%	20.3%	22.9%	23.0%	24.8%
	42.3	85.0	44.1	88.5	45.4
Anti-infective	72.3%	72.1%	71.2%	71.0%	69.7%
	13.4	24.9	12.7	24.0	12.6
Anti-allergy	23.9%	21.0%	21.8%	19.8%	18.7%
	10.1	28.2	10.1	24.0	9.5
Agents for surgeries	42.7%	42.8%	43.2%	43.0%	42.8%
	7.7	15.2	7.9	15.7	7.5
Corneal disease treatments	77.9%	77.7%	77.4%	77.1%	75.1%
	15.2	30.5	15.9	31.7	15.6
Anti-cataract	68.0%	68.8%	71.4%	72.1%	74.2%
	3.1	5.9	2.9	5.6	2.8
Corticosteroids	50.6%	50.7%	50.1%	49.8%	48.0%
	5.2	10.5	5.1	9.9	4.9

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data(JPM)

Period: 2008.4-2010.9; Unauthorized copy prohibited

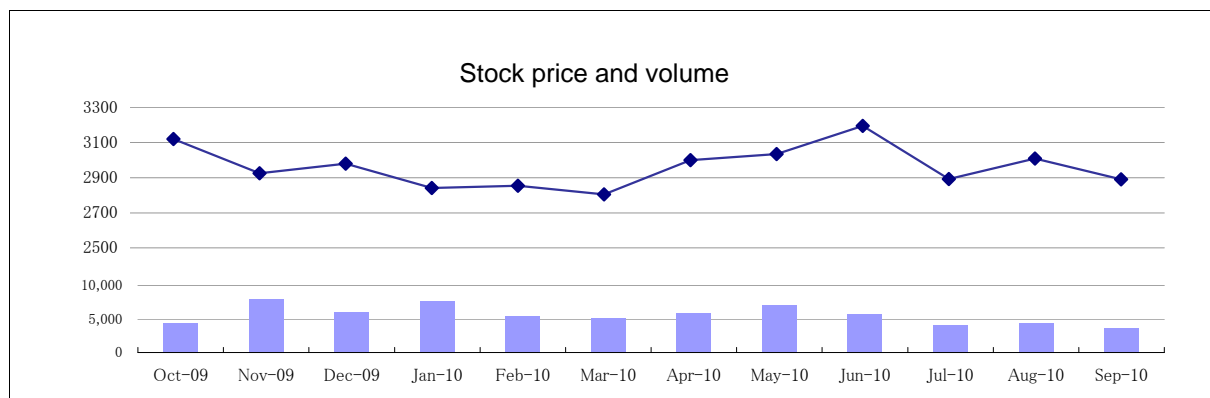
Stock information



■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Stock price:												
End of month	3,120	2,925	2,980	2,841	2,855	2,806	3,000	3,035	3,195	2,892	3,010	2,891
Volume	4,392	7,992	6,079	7,731	5,387	5,161	5,866	7,128	5,745	4,125	4,372	3,622



■ Major shareholders

As of September 30, 2010

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	12,598	14.5
Mita Sangyo Co., Ltd.	4,756	5.5
The Master Trust Bank of Japan, Ltd.	4,434	5.1
State Street Bank and Trust Company 505223	3,201	3.7
Nippon Life Insurance Company	3,013	3.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,668	3.1
Mellon Bank Treaty Clients Omnibus	2,121	2.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.4
Trust & Custody Services Bank, Ltd.	1,912	2.2
RBC Dexia Investor Servicestrust, London-lending account	1,744	2.0

Note: Santen Pharmaceutical Co., Ltd has held the treasury stock (1,909 thousand shares), but it is excluded from the major shareholders.

■ Major stock information

	3/2007	3/2008	3/2009	3/2010	9/2010
Issued shares (thousands)	86,825	86,866	86,916	86,992	87,033
Treasury stock (thousands)	50	1,888	1,893	1,902	1,909
Market Capitalization (million)	262,928	197,573	232,961	238,763	246,092
A purchased amount of money (millions of yen)	—	4,800	—	—	—
The number of the purchased stocks (thousand shares)	—	1,833	—	—	—

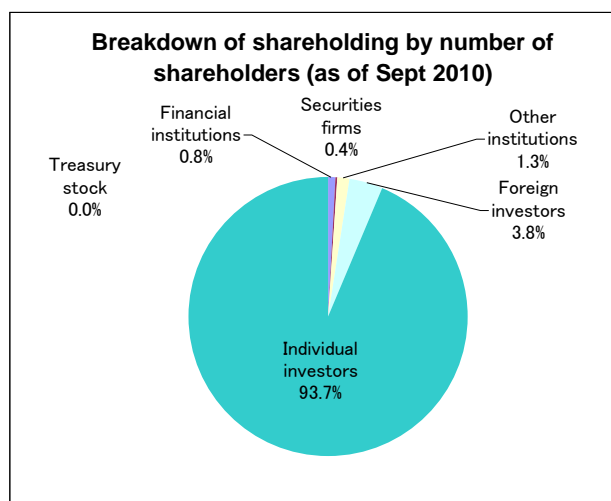
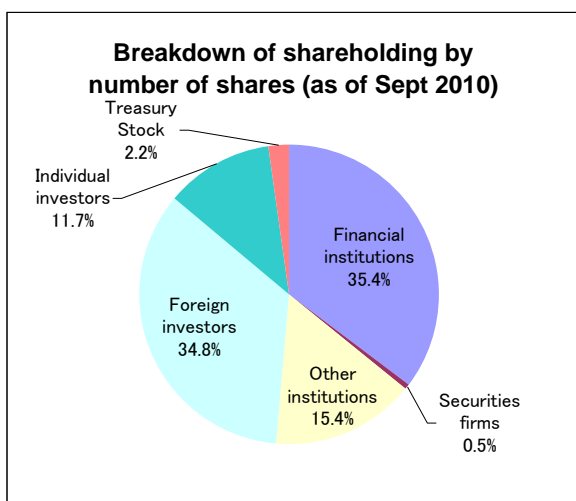
Stock information

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2008		3/2009		9/2009		3/2010		9/2010	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	36,474	42.0	36,226	41.6	36,075	41.5	32,693	37.6	30,847	35.4
City & regional banks	4,873	5.6	4,794	5.5	4,697	5.4	2,558	2.9	2,443	2.8
Trust banks	22,428	25.8	23,714	27.3	24,088	27.7	22,466	25.8	20,699	23.8
(concerned in trust works)	19,957		21,167		21,468		19,948		18,568	
Life and non-life insurance	8,718	10.1	7,254	8.3	7,166	8.3	7,022	8.1	6,822	7.8
Other financial institutions	455	0.5	462	0.5	121	0.1	645	0.7	881	1.0
Securities firms	924	1.1	526	0.6	345	0.4	518	0.6	409	0.5
Other institutions	13,003	14.9	13,071	15.0	13,403	15.4	13,392	15.4	13,399	15.4
Foreign investors	22,712	26.1	23,679	27.3	24,520	28.2	27,553	31.7	30,309	34.8
Individual investors	11,904	13.7	11,516	13.3	10,716	12.3	10,931	12.6	10,157	11.7
Treasury Stock	1,891	2.2	1,893	2.2	1,895	2.2	1,902	2.2	1,909	2.2
Total	86,908	100.0	86,916	100.0	86,956	100.0	86,992	100.0	87,033	100.0

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2008		3/2009		9/2009		3/2010		9/2010	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	87	0.7	81	0.7	84	0.8	81	0.7	75	0.8
City & regional banks	11	0.1	11	0.1	8	0.1	8	0.1	7	0.1
Trust banks	29	0.2	26	0.2	32	0.3	29	0.2	28	0.3
Life and non-life insurance	34	0.3	33	0.3	36	0.3	34	0.3	31	0.3
Other financial institutions	13	0.1	11	0.1	8	0.1	10	0.1	9	0.1
Securities firms	34	0.3	36	0.3	33	0.3	41	0.4	33	0.4
Other institutions	137	1.2	137	1.2	134	1.4	127	1.2	124	1.3
Foreign investors	285	2.5	355	3.2	382	3.8	366	3.4	354	3.8
Individual investors	10,946	95.3	10,570	94.6	9,370	93.7	10,296	94.4	8,738	93.7
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	11,490	100.0	11,180	100.0	10,004	100.0	10,912	100.0	9,325	100.0



Consolidated subsidiaries



【Domestic】

Claire Co., Ltd.					
Main business	Cleaning of antidust and sterilized clothing				
Location	Shiga, Japan	Paid-in capital	90 million yen	Equity owned	100%

【Overseas】

Santen Holdings U.S. Inc.					
Main business	Holding company for North American businesses and business development				
Location	California, U.S.A.	Paid-in capital	24,784 thousand US\$	Equity owned	100%

Santen Inc.					
Main business	Clinical development of pharmaceuticals				
Location	California, U.S.A.	Paid-in capital	8,765 thousand US\$	Equity owned	100%*

Advanced Vision Science, Inc.					
Main business	Research and development, production and marketing of medical devices				
Location	California, U.S.A.	Paid-in capital	10 thousand US\$	Equity owned	100%*

Phacor Inc.					
Main business	—				
Location	California, U.S.A.	Paid-in capital	10 thousand US\$	Equity owned	100%*

Santen Oy					
Main business	Development, production and marketing of pharmaceuticals				
Location	Tampere, Finland	Paid-in capital	20,000 thousand euros	Equity owned	100%

SantenPharma AB					
Main business	Marketing support of pharmaceuticals				
Location	Stockholm, Sweden	Paid-in capital	500 thousand S.KR	Equity owned	100%

Santen GmbH					
Main business	Marketing of pharmaceuticals and business development				
Location	Germaring, Germany	Paid-in capital	25 thousand euros	Equity owned	100%

Santen Pharmaceutical (China) Co., Ltd.					
Main business	Development, production and marketing of pharmaceuticals				
Location	Suzhou, China	Paid-in capital	3,300 million yen	Equity owned	100%

Taiwan Santen Pharmaceutical Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Taipei, Taiwan	Paid-in capital	42,000 thousand Taiwan dollars	Equity owned	100%

Santen Pharmaceutical Korea, Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Seoul, Korea	Paid-in capital	1,500,000 thousand won	Equity owned	100%

* Indirect investment through Santen Holdings U.S. Inc.

News releases

News releases during April 2010-September 2010

For details, please refer to our Web site (<http://www.santen.com>).

2010

16-Apr Santen Announces Approval of DIQUAS for Dry Eye Treatment in Japan

Santen announced that the Japanese Ministry of Health, Labour and Welfare granted approval for its new dry eye treatment drug, DIQUAS Ophthalmic Solution 3% (generic name: diquafosol sodium) on April 16, 2010. Diquafosol was licensed for certain ophthalmic uses from Inspire Pharmaceuticals, Inc. (U.S.) and DIQUAS Ophthalmic Solution 3% was developed by Santen as a treatment for dry eye.

16-Apr MHLW Grants Approval for COSOPT Combination Ophthalmic Solution for Glaucoma and Ocular Hypertension Treatment

Santen announced that Banyu Pharmaceutical Co., Ltd. has obtained manufacturing and marketing approval for its glaucoma and ocular hypertension treatment drug COSOPT Combination Ophthalmic Solution (generic name: dorzolamide hydrochloride-timolol maleate). COSOPT Combination Ophthalmic Solution is a combination ophthalmic solution which contains TRUSOPT Ophthalmic Solution 1% (Generic name: dorzolamide hydrochloride), a carbonic anhydrase inhibitor (CAI) and TIMOPTOL Ophthalmic Solution 0.5% (generic name: timolol maleate), a beta-adrenergic receptor blocking agent. Santen and Banyu have entered into a co-promotion agreement earlier this year.

30-Apr Clinical Data, Inc. Licenses Adenosine A_{2A} Agonist to Santen for Development of Ophthalmic Treatments

Clinical Data, Inc.(U.S.) and Santen announced that Santen has exercised its option to license Clinical Data's highly selective adenosine A_{2A} agonist compound, ATL313, for the development of topical treatments for certain ophthalmic diseases, including glaucoma on April 28th, 2010. ATL313, a promising late-stage preclinical compound, has shown significant pharmacological effects in vivo and has been nominated as a clinical candidate.

6-May Santen Launches Glaucoma and Intraocular Hypertension Treatment TAFLOTAN in Korea

Santen announced that Santen Pharmaceutical Korea Co., Ltd., its wholly owned subsidiary in Korea, has launched TAFLOTAN Ophthalmic Solution 0.0015%, an open angle glaucoma and ocular hypertension treatment.

11-May Renewal of The Countermeasures to Large-Scale Purchases of The Corporation'S Shares (Takeover Defense Measures)

Santen's Board of Directors on May 11, 2010 determined to partially revise the countermeasures to large-scale purchases of the Corporation's shares (takeover defense measures) that was introduced subject to the resolution at the meeting of the Board of Directors held on May 8, 2007 and the resolution at the annual general meeting of shareholders held on June 26, 2007 and to introduce a renewed plan. The Renewal was approved by the shareholders at the 98th Annual General Meeting.

11-May Santen to Issue Stock Acquisition Rights to the Directors for the Purpose of Granting Stock Options
Santen to Issue Stock Acquisition Rights to the Corporate Officers for the Purpose of Granting Stock Options

Santen's Board of Directors on May 11, 2010 adopted a resolution to issue rights to subscribe for new shares as stock options without consideration to Santen directors and corporate officers. The resolution was approved at the 98th Annual General Meeting.

2010

11-Jun Banyu and Santen Launch COSOPT Combination Ophthalmic Solution for Glaucoma and Ocular Hypertension Treatment

Santen and Banyu Pharmaceutical Co., Ltd. announced today that they have launched the glaucoma and ocular hypertension treatment drug COSOPT Combination Ophthalmic Solution (generic name: dorzolamide hydrochloride-timolol maleate), following its listing in the National Health Insurance Price list.

28-Sep Reorganization of Manufacturing Function and Transfer of Osaka Plant

Santen announced that it will transfer production and supply chain management functions from the Osaka plant to the Shiga plant area. The aim is to reorganize the manufacturing function to strengthen Santen's global product supply capability.

