



SANTEN PHARMACEUTICAL CO., LTD.

# Data Book 2012

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Year Ended March 31, 2012

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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, delays in new products launch, currency exchange rate, legislative and regulatory developments.

# Financial highlights



## ■ Consolidated financial summary

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011	2013 Forecast	% Change 2013/2012
Net sales	103,394	101,618	110,594	110,812	114,416	3.3	114,500	0.1
Operating income	20,370	15,494	29,640	30,738	26,733	-13.0	23,500	-12.1
Ordinary income	20,702	15,935	29,862	31,484	27,780	-11.8	24,000	-13.6
Net income	12,650	10,123	18,722	21,333	17,160	-19.6	16,000	-6.8
Dividends per share (yen)	80	80	80	90	100	—	100	—
DOE (%)	5.4	5.4	5.2	5.3	5.4	—	—	—

## ■ Consolidated balance sheets summary

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Total assets	156,547	151,012	166,878	184,801	198,801	7.6
Net assets	127,118	125,368	137,603	156,404	164,861	5.4
Interest-bearing debts	5,278	699	617	188	157	-16.6

## ■ Consolidated financial indexes

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011	2013 Forecast	% Change 2013/2012
EPS (yen)	146.15	119.08	220.10	249.71	196.96	-21.1	183.64	-6.8
BPS (yen)	1,494.48	1,472.32	1,614.08	1,793.15	1,887.81	5.3	—	—
Debt equity ratio (times)	0.04	0.01	0.00	0.00	0.00	—	—	—
PER (times)	15.9	23.0	12.7	13.3	17.9	—	—	—
PBR (times)	1.56	1.86	1.74	1.85	1.87	—	—	—
ROE (%)	9.9	8.00	14.3	14.5	10.7	—	—	—
ROA (%)	8.0	6.6	11.8	12.1	8.9	—	—	—
Equity ratio(%)	81.1	82.9	82.3	84.5	82.8	—	—	—
* Free cash flows (millions of yen)	12,316	8,896	24,795	16,118	18,203	12.9	—	—
* EBITDA (millions of yen)	25,172	20,098	32,084	34,087	30,601	-10.2	—	—

\*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

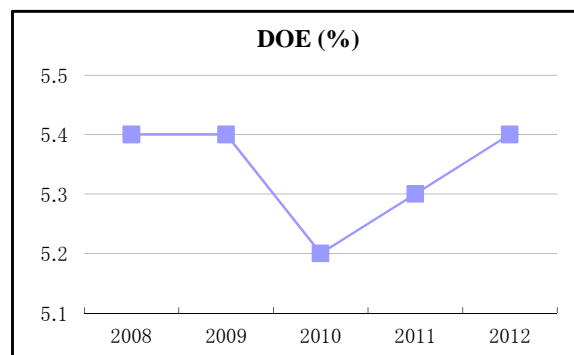
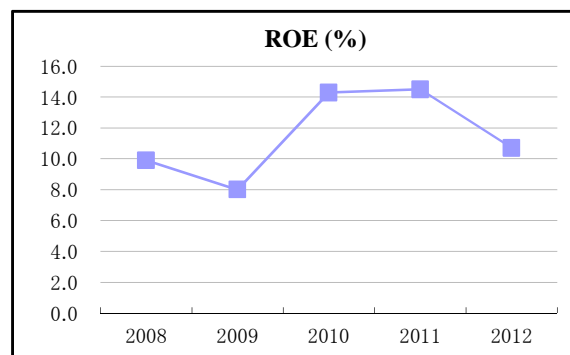
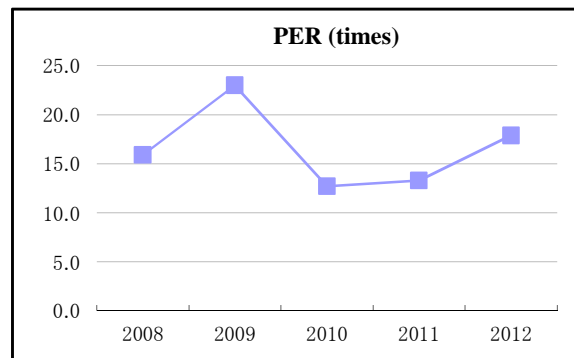
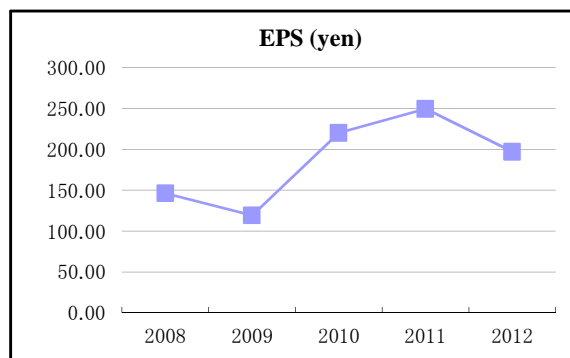
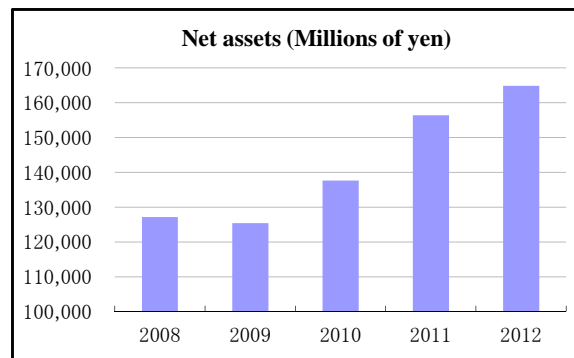
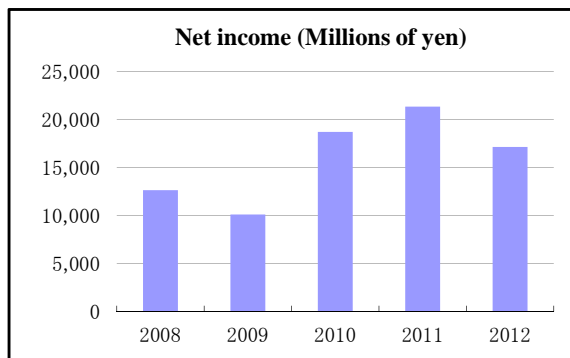
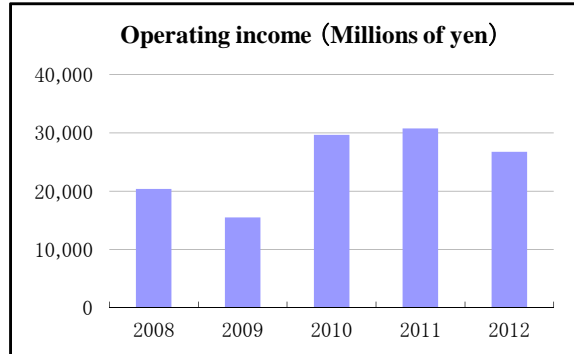
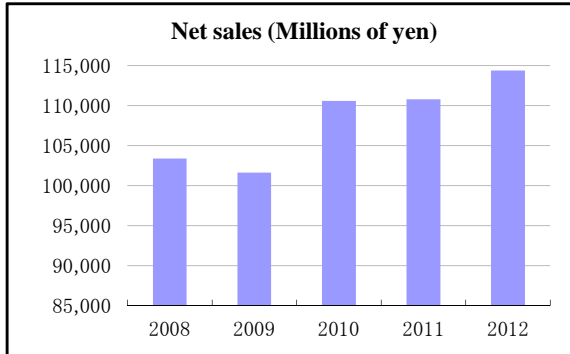
(Yen)

	2008.3	2009.3	2010.3	2011.3	2012.3	2013.3 Forecast
Exchange rate: US dollar	114.29	100.81	92.79	85.57	79.03	79.00
: Euro	161.98	146.71	131.12	113.45	110.27	104.00
: RMB	—	14.86	13.70	12.94	12.34	12.50

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 statements of income and comprehensive income**



(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
<b>Net sales</b>	<b>103,394</b>	<b>101,618</b>	<b>110,594</b>	<b>110,812</b>	<b>114,416</b>	3.3
Cost of sales	36,513	35,947	34,710	34,436	35,385	2.8
(Percentage of net sales)	35.3%	35.4%	31.4%	31.1%	30.9%	
<b>Gross profit</b>	<b>66,880</b>	<b>65,671</b>	<b>75,884</b>	<b>76,375</b>	<b>79,031</b>	3.5
(Percentage of net sales)	64.7%	64.6%	68.6%	68.9%	69.1%	
Selling, general and administrative expenses	46,510	50,177	46,244	45,636	52,298	14.6
(Percentage of net sales)	45.0%	49.4%	41.8%	41.2%	45.7%	
R&D expenditures	12,941	18,457	14,123	13,221	17,225	30.3
(Percentage of net sales)	12.5%	18.2%	12.8%	11.9%	15.1%	
<b>Operating income</b>	<b>20,370</b>	<b>15,494</b>	<b>29,640</b>	<b>30,738</b>	<b>26,733</b>	-13.0
(Percentage of net sales)	19.7%	15.2%	26.8%	27.7%	23.4%	
Non-operating income	1,356	1,430	842	1,011	1,119	10.6
Non-operating expenses	1,024	989	620	265	71	-73.1
<b>Ordinary income</b>	<b>20,702</b>	<b>15,935</b>	<b>29,862</b>	<b>31,484</b>	<b>27,780</b>	-11.8
(Percentage of net sales)	20.0%	15.7%	27.0%	28.4%	24.3%	
Extraordinary gain	237	18	74	15	61	307.3
Extraordinary loss	457	129	1,327	425	51	-87.9
<b>Income before income taxes</b>	<b>20,482</b>	<b>15,823</b>	<b>28,610</b>	<b>31,074</b>	<b>27,791</b>	-10.6
(Percentage of net sales)	19.8%	15.6%	25.9%	28.0%	24.3%	
Income taxes - current	8,145	8,269	10,687	9,970	9,912	-0.6
Income taxes - deferred	-313	-2,568	-800	-229	717	-413.2
Income before minority interests	—	—	—	21,333	17,160	—
<b>Net income</b>	<b>12,650</b>	<b>10,123</b>	<b>18,722</b>	<b>21,333</b>	<b>17,160</b>	-19.6
(Percentage of net sales)	12.2%	10.0%	16.9%	19.3%	15.0%	
Income before minority interests	—	—	—	21,333	17,160	—
Other comprehensive income	—	—	—	-1,537	-194	—
Comprehensive income	—	—	—	19,796	16,966	—

## Consolidated statements of income details

### ■ Major Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Personnel expenses	13,220	13,089	13,347	13,612	14,933	9.7
Sales promotion expenses	4,184	4,084	4,172	4,490	5,163	15.0
Royalty expenses	2,211	2,116	2,497	2,545	1,952	-23.3
Advertising expenses	2,671	1,878	1,637	1,500	1,221	-18.6
R&D expenditures	12,941	18,457	14,123	13,221	17,225	30.3

### ■ Major Non-operating income and expenses

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Interest and dividend income	606	548	417	521	528	1.3
Gain on insurance received	—	—	128	136	143	4.8
Interest expense	96	65	52	36	22	-37.9

# Sales details



## ■ Sales by segment

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Pharmaceuticals	102,952	100,970	109,057	108,575	111,846	3.0
Prescription pharmaceuticals	97,500	95,745	103,806	103,852	107,249	3.3
Ophthalmic	85,426	84,488	86,867	90,797	93,620	3.1
Anti-rheumatic drugs	9,626	9,741	9,907	9,833	9,987	1.6
Other prescription pharmaceuticals	2,447	1,515	7,030	3,221	3,641	13.0
OTC pharmaceuticals	5,451	5,225	5,251	4,723	4,597	-2.7
Others	442	648	1,537	2,236	2,570	14.9
Medical devices	414	624	1,520	2,224	2,558	15.0
Others	27	24	16	11	11	2.1
Total net sales	103,394	101,618	110,594	110,812	114,416	3.3

## [Domestic]

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Pharmaceuticals	88,138	87,972	88,605	91,047	93,449	2.6
Prescription pharmaceuticals	82,707	82,754	83,372	86,332	88,862	2.9
Ophthalmic	72,319	72,357	72,666	75,585	77,753	2.9
Anti-rheumatic drugs	9,519	9,634	9,772	9,727	9,883	1.6
Other prescription pharmaceuticals	868	762	933	1,020	1,225	20.0
OTC pharmaceuticals	5,430	5,218	5,232	4,715	4,587	-2.7
Others	428	647	980	1,501	1,924	28.1
Medical devices	401	622	963	1,490	1,912	28.3
Others	27	24	16	11	11	2.1
Total domestic sales	88,566	88,620	89,586	92,549	95,374	3.1
(Percentage of total net sales)	85.7%	87.2%	81.0%	83.5%	83.4%	—

## [Overseas]

(Millions of yen)

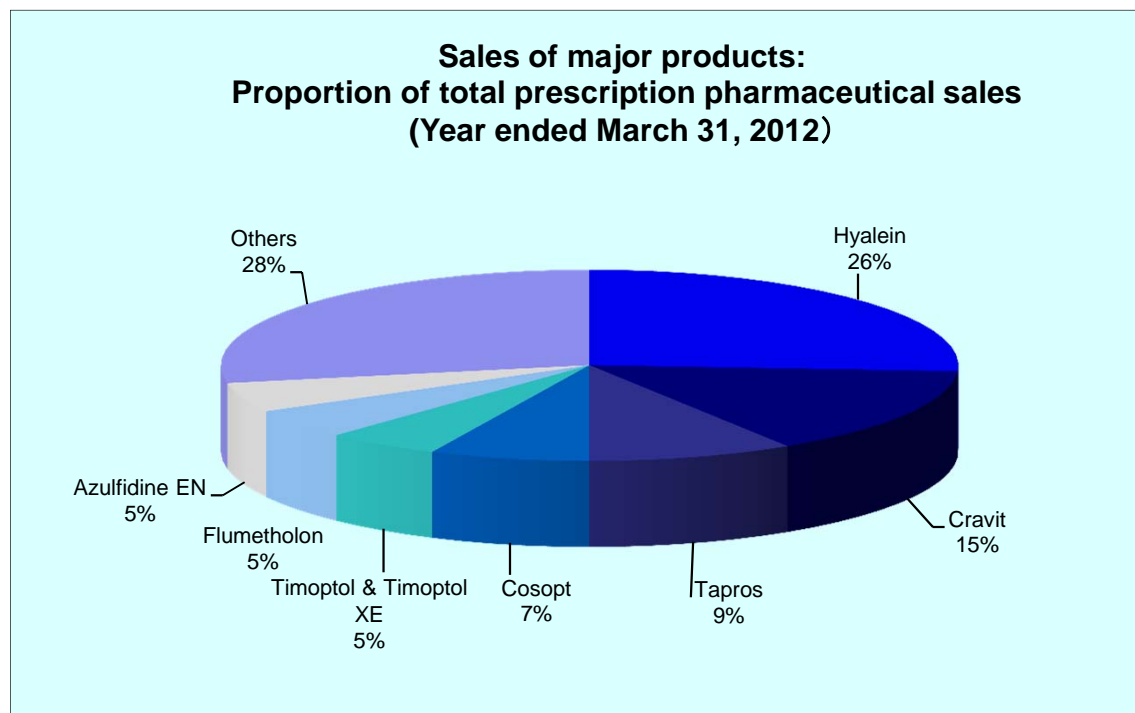
Year ended March 31	2008	2009	2010	2011	2012	% Change 2012/2011
Pharmaceuticals	14,813	12,997	20,451	17,527	18,396	5.0
Prescription pharmaceuticals	14,793	12,990	20,433	17,519	18,386	4.9
Ophthalmic	13,106	12,131	14,201	15,211	15,866	4.3
Anti-rheumatic drugs	107	106	135	106	103	-3.1
Other prescription pharmaceuticals	1,579	752	6,096	2,200	2,416	9.8
OTC pharmaceuticals	20	6	18	8	10	24.3
Others	13	1	556	734	645	-12.1
Medical devices	13	1	556	734	645	-12.1
Others	—	—	—	—	—	—
Total overseas sales	14,827	12,998	21,008	18,262	19,042	4.3
(Percentage of total net sales)	14.3%	12.8%	19.0%	16.5%	16.6%	—

# Sales details

## ■ Sales of major prescription pharmaceuticals

Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	<b>Cravit</b>	Japan	Apr-00
	ofloxacin/ophthalmic solution	<b>Tarivid</b>	Japan	Sep-87
	tafluprost/ophthalmic solution	<b>Tapros</b>	Japan	Dec-08
Glaucoma	dorzolamide hydrochloride-timolol maleate/ combination ophthalmic solution	<b>Cosopt</b>	Japan	Jun-10
	timolol maleate/ophthalmic solution	<b>Timoptol</b>	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	<b>Timoptol XE</b>	Japan	Nov-99
	bunazosin hydrochloride/ophthalmic solution	<b>Detantol</b>	Japan	Sep-01
	isopropyl unoprostone/ophthalmic solution	<b>Rescula</b> ※	Japan	Oct-94
Allergy	levocabastine hydrochloride/ ophthalmic solution	<b>Livostin</b>	Japan	Jan-01
Corneal disease	sodium hyaluronate/ophthalmic solution	<b>Hyalein</b>	Japan	Jun-95
	diquafosol sodium	<b>Diquas</b>	Japan	Dec-10
Inflammation	fluorometholone/ophthalmic solution	<b>Flumetholon</b>	Japan	Oct-75
Senile cataract	pirenoxine/ophthalmic solution	<b>Kary Uni</b>	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	<b>Opegan Hi</b>	Japan	Jan-95
	bucillamine/tablet	<b>Rimatil</b>	Japan	Sep-87
Rheumatoid arthritis	salazosulfapyridine/enteric coated tablet	<b>Azulfidine EN</b>	Japan	Dec-95
	methotrexate/tablet	<b>Metolate</b>	Japan	Jul-04

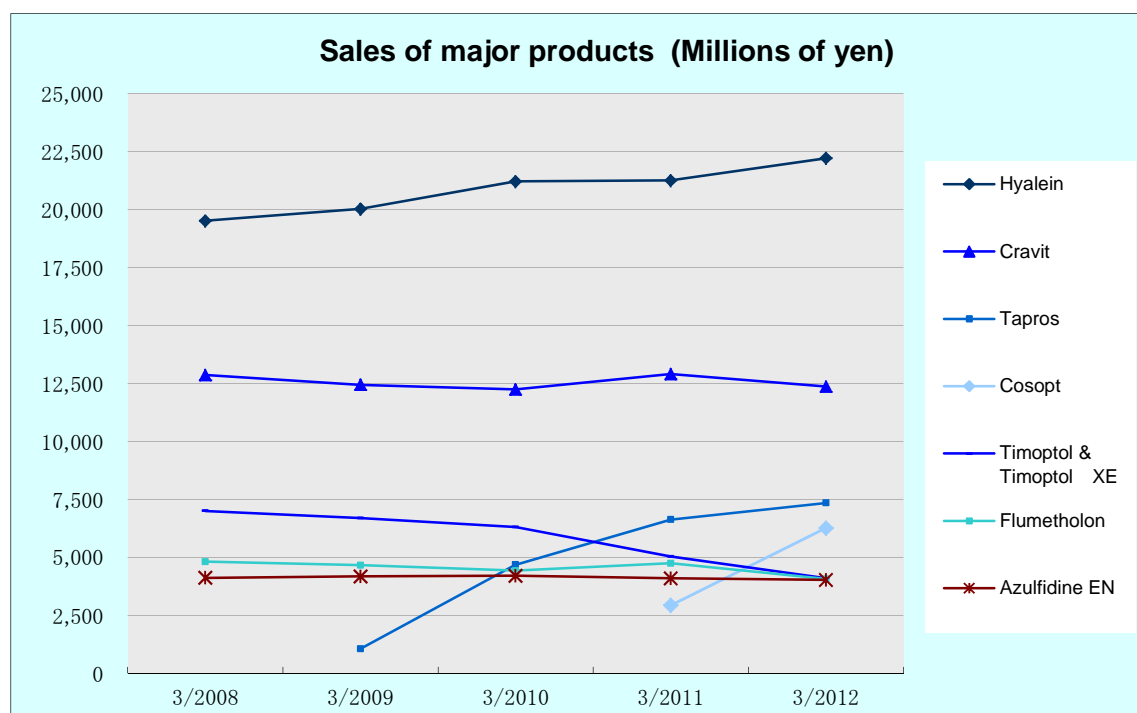
※Rescula: This product, which was launched in October 1994, has been sold by Santen Pharmaceutical Co., Ltd. since October 2004.





(Millions of yen)

Year ended March 31					Year ended March 31			Brand name
2008	2009	2010	2011	2012	% Change 2012/2011	2013 Forecast	% Change 2013/2012	
12,864	12,443	12,240	12,904	12,368	-4.2	12,075	-2.4	Cravit
3,139	2,488	2,423	2,419	1,932	-20.1	1,577	-18.4	Tarivid
—	1,058	4,687	6,633	7,351	10.8	8,076	9.9	Tapros
—	—	—	2,935	6,271	113.7	8,661	38.1	Cosopt
3,574	3,213	2,832	2,152	1,701	-20.9	1,148	-32.5	Timoptol
3,432	3,477	3,475	2,891	2,404	-16.9	1,856	-22.8	Timoptol XE
2,337	2,283	2,168	2,064	1,968	-4.7	1,789	-9.1	Detantol
4,880	4,386	3,669	2,777	2,472	-11.0	2,351	-4.9	Rescula
4,341	4,302	3,229	3,800	3,346	-11.9	3,404	1.7	Livostin
19,521	20,030	21,219	21,257	22,216	4.5	20,443	-8.0	Hyalein
—	—	—	745	2,846	281.7	5,299	86.2	Diquas
4,821	4,671	4,432	4,753	4,072	-14.3	3,904	-4.1	Flumetholon
3,652	3,572	3,728	3,728	3,690	-1.0	3,849	4.3	Kary Uni
3,204	3,236	3,431	3,226	3,018	-6.5	3,086	2.3	Opegan Hi
4,767	4,539	4,352	3,944	3,673	-6.9	3,211	-12.6	Rimatil
4,121	4,187	4,216	4,106	4,030	-1.9	3,818	-5.2	Azulfidine EN
622	797	995	1,250	1,705	36.4	1,859	9.0	Metolate



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

(Millions of yen)

Year ended March 31	2008		2009		2010		2011		2012	
		%		%		%		%		%
<b>Current assets</b>	<b>102,754</b>	<b>65.6</b>	<b>101,053</b>	<b>66.9</b>	<b>118,832</b>	<b>71.2</b>	<b>137,668</b>	<b>74.5</b>	<b>140,288</b>	<b>70.6</b>
Cash and deposits	35,483		37,117		56,677		65,558		66,235	
Notes and accounts receivable-trade	35,614		36,011		35,268		38,980		37,923	
Marketable securities	15,868		11,396		8,998		13,332		12,739	
Inventories	11,332		12,235		13,623		14,704		17,949	
Deferred tax assets	1,699		1,941		2,166		1,986		1,921	
Other current assets	2,757		2,352		2,098		3,106		3,521	
Allowance for doubtful receivables	-1		-1		-0		-1		-1	
<b>Fixed assets</b>	<b>53,548</b>	<b>34.2</b>	<b>49,959</b>	<b>33.1</b>	<b>48,046</b>	<b>28.8</b>	<b>47,133</b>	<b>25.5</b>	<b>58,513</b>	<b>29.4</b>
Tangible assets	29,848	19.1	28,664	19.0	26,574	15.9	24,956	13.5	25,523	12.8
Buildings and structures	15,160		15,864		14,622		13,450		12,806	
Machinery, equipment and vehicles	2,656		2,432		1,994		1,632		1,581	
Land	8,558		8,678		8,418		8,216		8,213	
Lease assets	—		39		97		186		166	
Construction in progress	1,879		99		43		186		1,365	
Other tangibles	1,594		1,550		1,397		1,283		1,390	
Intangible assets	2,233	1.4	1,549	1.0	1,231	0.7	991	0.5	12,877	6.5
Goodwill	300		—		—		—		5,801	
In-process research and development	—		—		—		—		5,941	
Software	1,602		1,355		1,158		952		831	
Other intangibles	330		193		72		39		301	
Investments and other assets	21,466	13.7	19,744	13.1	20,240	12.1	21,185	11.5	20,112	10.1
Investment securities	16,949		11,818		12,239		12,141		12,411	
Deferred tax assets	1,822		6,409		6,702		7,538		6,500	
Other assets	2,694		1,516		1,299		1,505		1,200	
<b>Deferred assets</b>	<b>244</b>	<b>0.2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total assets</b>	<b>156,547</b>	<b>100.0</b>	<b>151,012</b>	<b>100.0</b>	<b>166,878</b>	<b>100.0</b>	<b>184,801</b>	<b>100.0</b>	<b>198,801</b>	<b>100.0</b>

**■ Liabilities and net assets**

(Millions of yen)

Year ended March 31	2008		2009		2010		2011		2012	
		%		%		%		%		%
<b>Current liabilities</b>	<b>26,561</b>	<b>17.0</b>	<b>22,439</b>	<b>14.9</b>	<b>25,286</b>	<b>15.2</b>	<b>24,104</b>	<b>13.0</b>	<b>27,425</b>	<b>13.8</b>
Trade accounts payable	5,633		6,018		5,600		6,031		8,074	
Short-term debt	—		545		543		—		—	
Current portion of long-term debt	5,168		110		—		—		5	
Other payables	7,690		7,414		7,936		8,444		9,009	
Income taxes payable	4,323		4,163		6,618		4,631		5,282	
Reserve for bonuses	2,612		2,590		2,687		2,712		2,943	
Other reserves	74		69		81		87		81	
Other current liabilities	1,057		1,528		1,819		2,198		2,027	
<b>Non-current liabilities</b>	<b>2,867</b>	<b>1.8</b>	<b>3,203</b>	<b>2.1</b>	<b>3,988</b>	<b>2.4</b>	<b>4,292</b>	<b>2.3</b>	<b>6,514</b>	<b>3.3</b>
Long-term debt	110		—		—		—		—	
Lease Obligations	—		43		74		152		115	
Deferred tax liabilities	17		20		15		20		1,996	
Retirement and severance benefits	1,815		2,393		2,910		3,266		3,459	
Retirement and severance benefits for directors and auditors	487		505		456		453		222	
Asset retirement obligations	—		—		—		160		161	
Other liabilities	437		240		531		238		559	
<b>Total liabilities</b>	<b>29,429</b>	<b>18.8</b>	<b>25,643</b>	<b>17.1</b>	<b>29,275</b>	<b>17.5</b>	<b>28,397</b>	<b>15.4</b>	<b>33,940</b>	<b>17.1</b>
<b>Shareholders' equity</b>	<b>126,398</b>	<b>80.7</b>	<b>129,808</b>	<b>86.0</b>	<b>141,866</b>	<b>85.0</b>	<b>162,159</b>	<b>87.7</b>	<b>170,770</b>	<b>85.9</b>
Common stock	6,418	4.1	6,457	4.3	6,538	3.9	6,614	3.6	6,694	3.4
Capital surplus	7,113	4.5	7,152	4.7	7,233	4.3	7,968	4.3	8,049	4.0
Retained earnings	117,786	75.2	121,133	80.2	133,053	79.7	147,578	79.9	156,030	78.5
Treasury stock, at cost	-4,920	-3.1	-4,934	-3.3	-4,958	-3.0	-1	-0.0	-4	-0.0
<b>Accumulated other comprehensive income</b>	<b>600</b>	<b>0.4</b>	<b>-4,628</b>	<b>-3.1</b>	<b>-4,524</b>	<b>-2.7</b>	<b>-6,061</b>	<b>-3.3</b>	<b>-6,255</b>	<b>-3.1</b>
Unrealized gains on securities, net of taxes	2,273	1.5	-246	-0.2	136	0.1	-443	-0.2	51	0.0
Foreign currency translation adjustments	-1,673	-1.1	-4,381	-2.9	-4,660	-2.8	-5,618	-3.0	-6,306	-3.2
<b>Stock subscription rights</b>	<b>119</b>	<b>0.1</b>	<b>188</b>	<b>0.1</b>	<b>260</b>	<b>0.2</b>	<b>305</b>	<b>0.2</b>	<b>347</b>	<b>0.2</b>
<b>Total net assets</b>	<b>127,118</b>	<b>81.2</b>	<b>125,368</b>	<b>82.9</b>	<b>137,603</b>	<b>82.5</b>	<b>156,404</b>	<b>84.6</b>	<b>164,861</b>	<b>82.9</b>
<b>Total liabilities and net assets</b>	<b>156,547</b>	<b>100.0</b>	<b>151,012</b>	<b>100.0</b>	<b>166,878</b>	<b>100.0</b>	<b>184,801</b>	<b>100.0</b>	<b>198,801</b>	<b>100.0</b>

# Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012
<b>I . Cash flows from operating activities:</b>					
Income before income taxes	20,482	15,823	28,610	31,074	27,791
Depreciation and amortization	4,593	4,209	3,421	2,976	2,949
Loss on impairment of fixed assets	316	—	397	—	19
Increase/decrease in retirement and severance benefits	411	553	517	359	178
Interest and dividend income	-606	-548	-417	-521	-528
Interest expense	96	65	52	36	22
Equity in losses of affiliates	—	679	564	—	—
Increase/decrease in trade receivables	-586	-916	698	-3,892	1,037
Increase/decrease in inventories	-1,005	-1,334	-1,438	-1,299	-3,294
Increase/decrease in trade accounts payable	-430	509	-248	521	2,033
Other, net	-561	759	1,872	-11	9
Subtotal	22,710	19,801	34,030	29,243	30,219
Interest and dividend income received	610	550	418	513	549
Interest expense paid	-94	-71	-46	-36	-16
Income taxes paid	-7,758	-8,431	-8,291	-11,951	-9,268
Net cash provided by operating activities	15,468	11,849	26,110	17,769	21,483
<b>II . Cash flows from investing activities:</b>					
Increase in fixed deposits	-1,518	-4,420	-2,236	-4,384	-165
Decrease in fixed deposits	2,160	3,358	1,937	3,519	2,781
Payments for acquisition of marketable securities	—	—	-3,599	-1,488	-1,617
Proceeds from sale of marketable securities	1,000	—	5,098	403	4,850
Payments for acquisition of fixed assets	-3,151	-2,953	-1,314	-1,650	-3,280
Proceeds from sale of fixed assets	5	2	2	188	6
Purchase of investment securities	-3,266	-2,080	-1,027	-4,296	-2,420
Proceeds from sale of investment securities	2,660	462	309	20	377
Payment for acquisition of shares of subsidiaries due to change in consolidation	—	—	—	—	-10,804
Payments for loans	—	-300	-49	-0	-6
Proceeds from loans	—	311	49	—	7
Other, net	27	0	1	13	-1
Net cash(used in) provided by investing activities	-2,083	-5,619	-829	-7,676	-10,272
<b>III . Cash flows from financing activities:</b>					
Proceeds from short-term debt	—	545	548	258	—
Repayment of short-term debt	—	—	-520	-776	—
Repayment of long-term debt	-168	-5,168	-110	—	—
Purchase of treasury stock	-4,815	-15	-24	-25	-2
Proceeds from disposal of treasury stock	0	1	0	5,641	0
Dividends paid	-6,505	-6,798	-6,803	-6,808	-8,705
Other, net	72	61	156	139	148
Net cash provided by financing activities	-11,415	-11,373	-6,753	-1,570	-8,559
<b>IV . Effect of exchange rate changes on cash and cash equivalents</b>	<b>-140</b>	<b>-569</b>	<b>-135</b>	<b>-388</b>	<b>-98</b>
<b>V . Net increase/decrease in cash and cash equivalents</b>	<b>1,828</b>	<b>-5,713</b>	<b>18,392</b>	<b>8,133</b>	<b>2,553</b>
<b>VI . Cash and cash equivalents at beginning of year</b>	<b>49,841</b>	<b>51,669</b>	<b>45,956</b>	<b>64,348</b>	<b>72,482</b>
<b>VII . Cash and cash equivalents at end of year</b>	<b>51,669</b>	<b>45,956</b>	<b>64,348</b>	<b>72,482</b>	<b>75,035</b>

## Other consolidated information



### ■ R&D expenditures

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	2013 Forecast
Consolidated	12,941	18,457	14,123	13,221	17,225	17,500
Percentage of net sales	12.5%	18.2%	12.8%	11.9%	15.1%	15.3%

### ■ Capital expenditures

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	2013 Forecast
Consolidated	2,758	2,744	1,228	1,709	3,492	6,430

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

### ■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	2013 Forecast
Manufacturing cost	1,635	1,822	1,701	1,532	1,400	1,290
Selling, general and administrative expenses	626	622	556	512	553	640
R&D expenses	1,091	946	945	762	764	910
Others	0	—	—	—	—	—
Consolidated	3,353	3,391	3,202	2,808	2,717	2,840

### ■ Lease expenses

(Millions of yen)

Year ended March 31	2008	2009	2010	2011	2012	2013 Forecast
Consolidated	1,042	931	527	156	23	20
Manufacturing cost	925	821	437	94	2	2

### ■ Number of employees

Year ended March 31	2008	2009	2010	2011	2012
Consolidated	2,483	2,690	2,756	2,867	3,053
Sales division	907	1,007	1,048	1,108	1,268
Production division	798	828	838	847	860
R&D division	519	541	557	574	624
Corporate or back-office division	259	314	313	338	301

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 Stage)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	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)					Mar-12
				Latin America	(Licensed Out)					Aug-10
				China					Jan-12	

Prostaglandin F<sub>2α</sub> derivative for the treatment of glaucoma and ocular hypertension. Launched in Japan in December, 2008. In Europe, it is marketed in Germany, Denmark, etc. In the U.S., development rights were granted to Merck & Co., Inc. (U.S.) in April, 2009. In Asia, it is marketed in Hong Kong, Korea, Indonesia, Singapore. NDA filed in China. In US, NDA approval obtained in February, 2012 and launched in March, 2012 by Merck and Co., Inc.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Inspire (Merck)	Japan						Dec-10
				Asia						Dec-11

A dry eye treatment drug which stimulates secretion of mucin and aqueous components from the corneal epithelium. Its mechanism of action is different from other existing treatments. Launched in Japan in December, 2010. Marketing approval was obtained in Korea, and NDA is under preparation in China.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	MSD	Japan						

A new type of glaucoma treatment which inhibits the progression of visual field defects. It is the only calcium antagonist being development as an oral glaucoma treatment. Compared to NMDA receptor antagonists, systemic adverse drug reactions are mild and has excellent safety profile.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Daiichi Sankyo	U.S.						

Based on its anti-inflammatory properties, quantitative and qualitative tear film improvement effect is expected.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Betamethasone	DE-102	Macular edema secondary to diabetes and BRVO*	Co-development with Oakwood	Japan		(Phase 2/3)				

A steroid microsphere product with a new drug delivery concept. Stable and sustained efficacy is expected by injection around the affected area. Collaborating with Oakwood Laboratories (U.S.) for manufacturing technology development on commercial scale. \*BRVO: Branch retinal vein occlusion.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	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 profile in treatment-resistant, persistent corneal epithelial defects.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Levofloxacin (1.5%)	DE-108	Bacterial conjunctivitis	Daiichi-Sankyo	Japan						Jun-11
				Korea						Oct-11

A high-concentration fluoroquinolone antibacterial agent. Launched in Japan in June 2011. NDA has been filed in Korea.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Sirolimus	DE-109	Uveitis	Original	U.S.						
				Japan						

Intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in US and Japan.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	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) for the treatment of corneal and conjunctival epithelial disorders associated with dry eye, etc.

### ■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost/ timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						
			Co-development	Europe						
A combination drug of a prostaglandin F <sub>2α</sub> derivative and a beta-adrenergic receptor blocker.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Epinastine HCl	DE-114	Allergic conjunctivitis	Nippon Boehringer Ingelheim	Japan						
An H1 receptor antagonist with membrane-stabilizing function, as treatment for allergic conjunctivitis.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan			Feb-2012			
Prostaglandin F <sub>2α</sub> derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, unit-dose, single-use type product.										

Generic name	Dev. code	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Janssen Biotech	Japan						
Joint injection inducing apoptosis in diseased joints of rheumatoid arthritis patients.										

### ■ Novagali's pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. name	Indication	Original/Licensors	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokot	Severe dry eye	Original	Europe						
				U.S.						
Topical ophthalmic emulsion which improves symptoms and signs of severe dry eye by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Ciclosporin	Vekacia	Vernal Keratoconjunctivitis	Original	Europe						
Topical ophthalmic emulsion which improves vernal keratoconjunctivitis symptoms by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
Topical ophthalmic emulsion of a prostaglandin F <sub>2α</sub> derivative, for the treatment of glaucoma and ocular hypertension.										
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	U.S.	(Phase 1/2)					
Intravitreal injection with anti-inflammatory effect.										

\*Catioprost and Cortiject are under project evaluation.

### ■ Changes from February 7, 2012

Dev. code	Changes
DE-085	Marketing approval obtained, launched (U.S.)
DE-089	NDA filed (China)
DE-098	Completed Phase 2 study
DE-110	Completed Phase 2 study
DE-112	Development discontinued (Santen judged it cannot meet the expected achievement criteria)
Vekacia	Development continued (Phase 3 stage)

# Pharmaceutical market in Japan

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

(%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Industry average	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%	—	-6.25
Ophthalmic drugs	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%	—	mid -4%
Santen	-6.0	—	-3.2	—	-5.3	—	mid -3%	—	mid -5%	—	late -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)

Year ended March 31	2008	2009	2010	2011	2012
Prescription ophthalmics	38.9% 221.0	38.0% 226.9	37.3% 234.9	35.8% 247.4	36.1% 254.9
Anti-rheumatic drugs (DMARDs*)	46.1% 24.1	45.0% 24.8	43.9% 25.7	43.0% 25.5	41.0% 27.2

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

\*Anti-rheumatic drugs exclude biologic agents.

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## ■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Year ended March 31	2008	2009	2010	2011	2012
Anti-glaucoma	20.8% 83.2	20.3% 85.0	23.0% 88.5	25.7% 90.1	28.4% 92.2
Corneal disease treatments	78.7% 28.9	77.7% 30.5	77.1% 31.7	76.0% 32.0	77.5% 35.6
Anti-infection	72.4% 24.4	70.9% 23.7	70.0% 22.6	68.4% 22.4	67.5% 21.5
Anti-allergy	22.7% 25.4	21.0% 28.2	19.8% 24.0	16.7% 29.3	17.6% 26.4

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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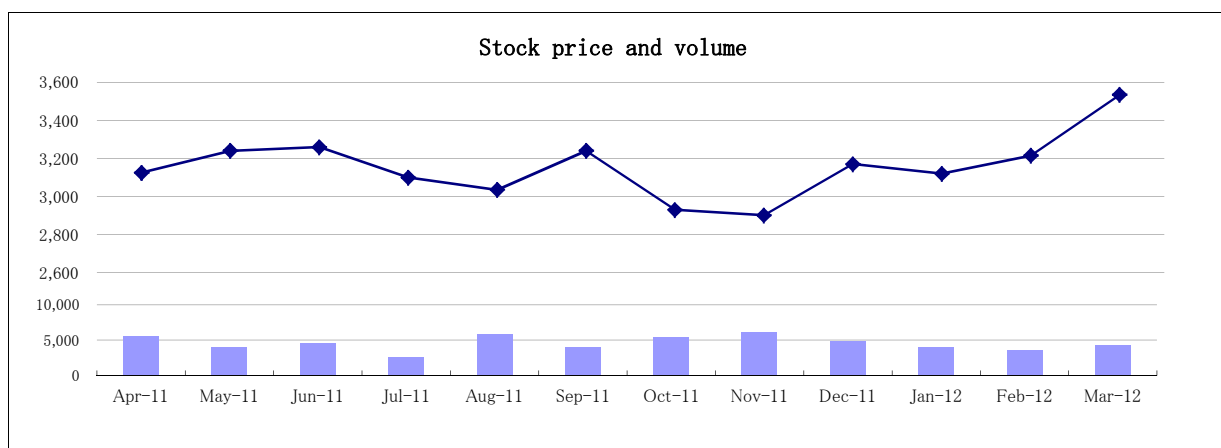
# Stock information



## ■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Stock price:												
End of month	3,125	3,240	3,260	3,100	3,035	3,240	2,930	2,901	3,170	3,120	3,215	3,535
Volume	5,573	4,052	4,567	2,587	5,870	4,053	5,417	6,206	4,915	4,039	3,657	4,272



## ■ Major shareholders

As of March 31, 2012

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	11,424	13.1
Mita Sangyo Co., Ltd.	4,756	5.5
State Street Bank and Trust Company 505223	3,776	4.3
The Master Trust Bank of Japan, Ltd.	3,456	4.0
Development Bank of Japan Inc.	3,310	3.8
Nippon Life Insurance Company	2,717	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.4
Trust & Custody Services Bank, Ltd.	2,065	2.4
Mellon Bank Treaty Clients Omnibus	1,994	2.3
RBC dexia investor services trust,London-lending account	1,984	2.3

## ■ Major stock information

Year ended March 31	2008	2009	2010	2011	2012
Issued shares (thousands)	86,866	86,916	86,992	87,053	87,146
Treasury stock (thousands)	1,888	1,893	1,902	0	1
Market Capitalization (million)	197,573	232,961	238,763	288,579	308,059
A purchased amount of money (millions of yen)	4,800	—	—	—	—
The number of the purchased stocks (thousand shares)	1,833	—	—	—	—

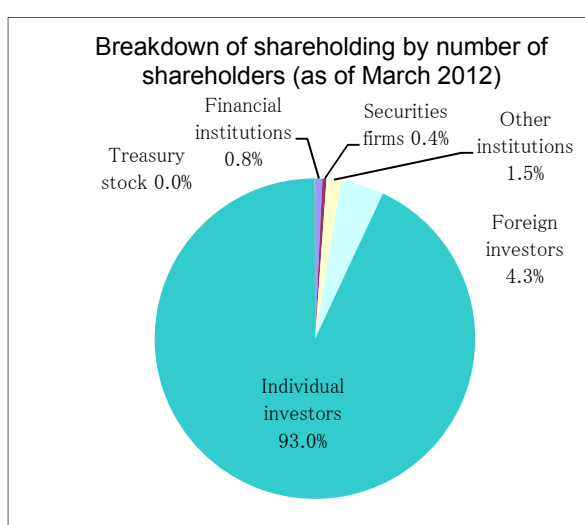
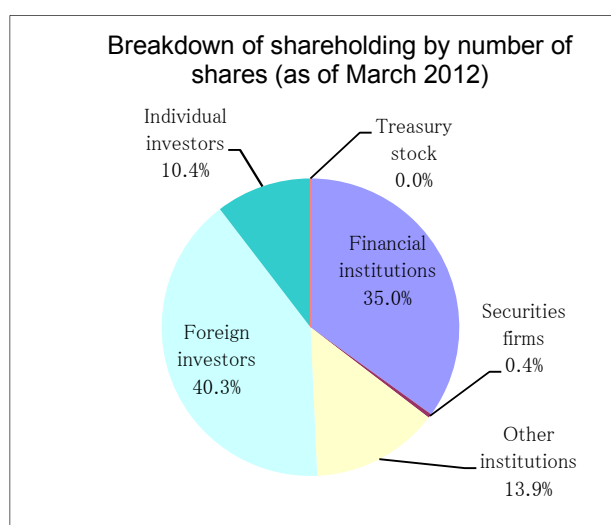
# Stock information

## ■ Breakdown of shareholding by number of shares

Year ended March 31	2008		2009		2010		2011		2012	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	33,186	38.2	36,226	41.6	32,693	37.6	32,284	37.1	30,457	35.0
City & regional banks	4,907	5.6	4,794	5.5	2,558	2.9	2,422	2.8	2,376	2.7
Trust banks	19,133	22.0	23,714	27.3	22,466	25.8	20,431	23.5	19,316	22.2
(concerned in trust works)	16,680		21,167		19,948		18,310		16,923	
Life and non-life insurance	8,924	10.3	7,254	8.3	7,022	8.1	5,274	6.0	4,740	5.4
Other financial institutions	221	0.3	462	0.5	645	0.7	4,155	4.8	4,023	4.6
Securities firms	585	0.7	526	0.6	518	0.6	417	0.5	375	0.4
Other institutions	13,014	15.0	13,071	15.0	13,392	15.4	13,413	15.4	12,098	13.9
Foreign investors	25,227	29.0	23,679	27.3	27,553	31.7	31,228	35.9	35,130	40.3
Individual investors	12,963	14.9	11,516	13.3	10,931	12.6	9,708	11.1	9,083	10.4
Treasury stock	1,888	2.2	1,893	2.2	1,902	2.2	0	0.0	1	0.0
Total	86,866	100.0	86,916	100.0	86,992	100.0	87,053	100.0	87,146	100.0

## ■ Breakdown of shareholding by number of shareholders

Year ended March 31	2008		2009		2010		2011		2012	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	88	0.6	81	0.7	81	0.7	71	0.8	63	0.8
City & regional banks	14	0.1	11	0.1	8	0.1	6	0.1	5	0.1
Trust banks	30	0.2	26	0.2	29	0.2	28	0.3	28	0.3
Life and non-life insurance	29	0.2	33	0.3	34	0.3	29	0.3	26	0.3
Other financial institutions	15	0.1	11	0.1	10	0.1	8	0.1	4	0.1
Securities firms	38	0.3	36	0.3	41	0.4	32	0.3	33	0.4
Other institutions	150	1.2	137	1.2	127	1.2	125	1.4	121	1.5
Foreign investors	268	2.1	355	3.2	366	3.4	381	4.2	360	4.3
Individual investors	12,568	95.8	10,570	94.6	10,296	94.4	8,479	93.3	7,710	93.0
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	13,113	100.0	11,180	100.0	10,912	100.0	9,089	100.0	8,288	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 and business 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%*

Santen Holdings EU B.V.					
Main business	Holding company for European operation				
Location	Amsterdam, Netherlands	Paid-in capital	50 thousand euros	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%

Novagali Pharma SAS					
Main business	Development and marketing of pharmaceuticals				
Location	Evry, France	Paid-in capital	1,305 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%

Santen Pharmaceutical Korea Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Seoul, Korea	Paid-in capital	9,000,000 thousand won	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 India Private Limited					
Main business	Market research for pharmaceuticals				
Location	Bangalore, India	Paid-in capital	48,500 thousand India rupee	Equity owned	99.9%、0.1%*

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

# News releases

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## News releases during April 2011-March 2012

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

2011

**14-Apr Santen Inc. Head Office Relocation**

Santen announced the relocation of Santen Inc., its U.S. subsidiary, newly in Emeryville, California, U.S.A. As Santen Group's vital research & development base in North America, Santen Inc. will accelerate conducting clinical development and business development activities to enhance the Group's product pipeline.

Santen completed its relocation in July, 2011.

**10-May Medium Term Management Plan FY2011-2013**

Santen announced a 3 Year Medium Term Management Plan (hereinafter "MTP") for FY2011-2013, aiming to become a "Specialized Pharmaceutical Company with a Global Presence." Santen's long term strategic vision is to become one of the top ophthalmic pharmaceutical companies in the world by the year 2020.

In order to further reinforce its competitiveness, Santen will make investments during the new MTP period to strengthen its US-centered global clinical trials system and enhance business development activities. In addition, Santen will accelerate its business activity in high-growth markets in Europe and China.

**10-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**

**2-Jun Santen Launches Broad-spectrum Antibacterial Ophthalmic Solution, *Cravit Ophthalmic Solution 1.5%***

**2-Aug Notice on the Establishment of Subsidiary in India**

Santen announced that it has established its subsidiary, Santen India Private Limited in India on July 29, 2011. Santen has decided to establish a local entity in India, in order to spread the "Santen" brand with a view to establish its presence in the Indian ophthalmic market with strong growth potential. In the initial stage, however, we will mainly focus on exploring business opportunities including product development and production areas.

**28-Sep Signing of an agreement with respect to an acquisition of a controlling interest in Novagali Pharma by Santen**

Santen and Novagali Pharma (hereafter "Novagali"), a French biopharmaceutical company specializing in ophthalmology and focusing on new ocular therapeutics, announced that Santen and Novagali entered into a share purchase agreement, whereby Santen should acquire shares representing 50.55% of the share capital of Novagali. Santen aims to strengthen its global business platform by acquiring Novagali with its R&D capability represented by its unique pharmaceutical technologies, and a unique pipeline product for dry eye in a late development stage in Europe.

Santen completed the acquisition of a controlling interest in Novagali as of October 11, 2011, and Novagali became wholly-owned subsidiary by Santen as of January 6, 2012.

**2011****14-Oct Ube and Santen Announce License and Collaboration Agreement for EP2 Agonist**

Ube Industries, Ltd. (hereafter “Ube”) and Santen announced that they have entered into a license and collaboration agreement with regard to Ube’s EP2 agonist compound as an ophthalmic treatment drug (development code: DE-117). The Agreement provides Santen with global rights to develop, manufacture and commercialize DE-117. Ube and Santen have agreed to co-develop DE-117 as a treatment drug for glaucoma and ocular hypertension, and will collaborate in developing the compound as a prostaglandin drug product with a new mechanism of action. The goal is to obtain manufacturing and marketing approval on a worldwide scale.

**2012****23-Jan Santen to Launch Nutritional Supplement *Sante Lutax 20 + DHA*****7-Feb Notice on the Establishment of Holding Company in Europe**

Santen announced that it will establish Santen Holdings EU B.V. (“Santen EU”) in the Kingdom of Netherlands. Santen EU will be established as a holding company of Santen’s existing subsidiaries in Europe, which will overlook Santen’s European business. Santen aims to strengthen its European business by creating a more efficient and effective governance system by concentrating the financial control functions of Santen’s European operation. Santen executed its establishment in March, 2012.

**14-Feb FDA Approves *ZIOPTAN* (tafluprost ophthalmic solution), Merck's Once-Daily, Preservative-Free Ophthalmic Medication for Glaucoma****1-Mar Santen to Launch *Sante Medical Guard* OTC Eye Drop**

