



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book

Half Year Ended September 30, 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)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecas	% Change
Net sales	53,914	110,812	56,789	114,416	56,715	-0.1	114,500	0.1
Operating income	14,112	30,738	14,570	26,733	13,080	-10.2	23,500	-12.1
Ordinary income	14,490	31,484	15,050	27,780	13,466	-10.5	24,000	-13.6
Net income	9,272	21,333	9,905	17,160	8,978	-9.4	16,000	-6.8
Dividends per share (yen)	40	90	50	100	50	—	100	—
DOE (%)	4.9	5.3	5.5	5.4	5.3	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change
Total assets	167,378	184,801	188,459	198,801	184,746	-2.0
Net assets	141,693	156,404	162,156	164,861	154,521	-4.7
Interest-bearing debts	354	188	175	157	173	-1.3

■ Consolidated financial indexes

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecas	% Change
EPS (yen)	108.94	249.71	113.70	196.96	103.98	-8.5	189.81	-3.6
BPS (yen)	1,660.96	1,793.15	1,857.14	1,887.81	1,874.25	0.9	—	—
Debt equity ratio (times)	0.00	0.00	0.00	0.00	0.00	—	—	—
PER (times)	13.3	13.3	14.2	17.9	17.3	—	—	—
PBR (times)	1.74	1.85	1.74	1.87	1.92	—	—	—
ROE (%)	13.3	14.5	12.5	10.7	11.3	—	—	—
ROA (%)	11.1	12.1	10.6	8.9	9.4	—	—	—
Equity ratio(%)	84.5	84.5	85.9	82.8	83.4	—	—	—
* Free cash flows (millions of yen)	5,511	16,118	8,000	18,203	2,981	-62.7	—	—
* EBITDA (millions of yen)	15,896	34,087	16,452	30,601	14,724	-10.5	—	—

*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

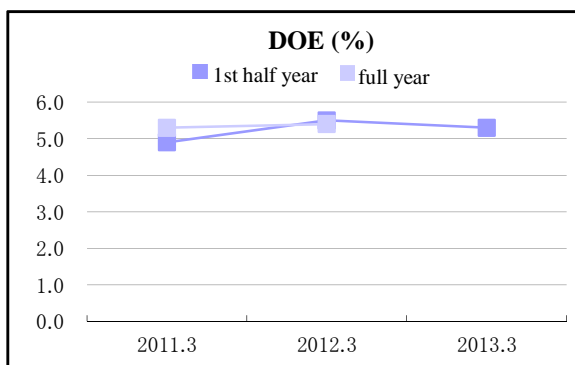
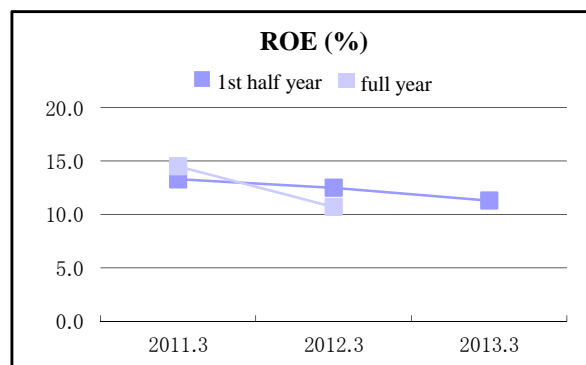
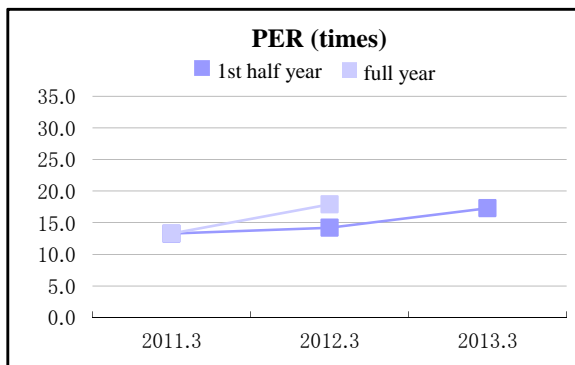
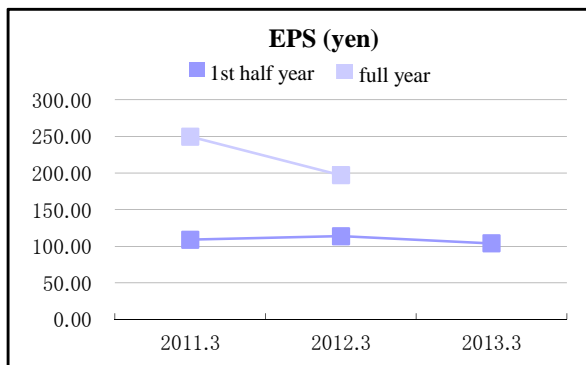
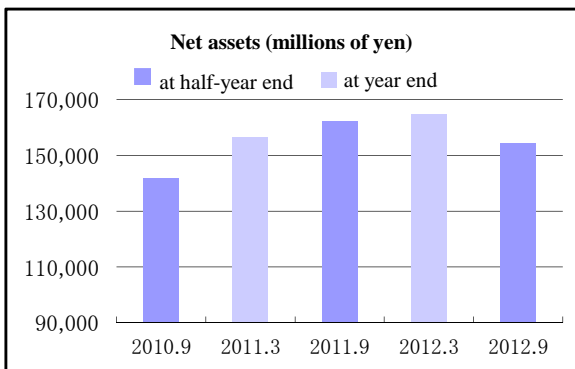
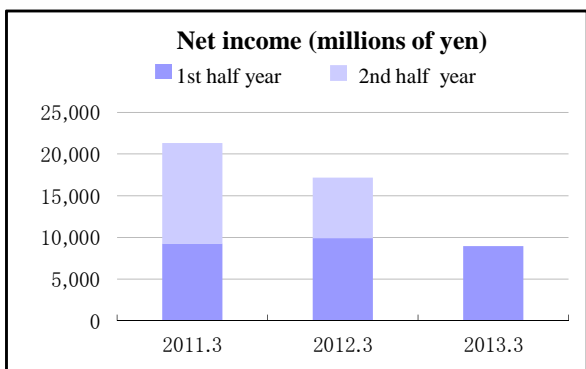
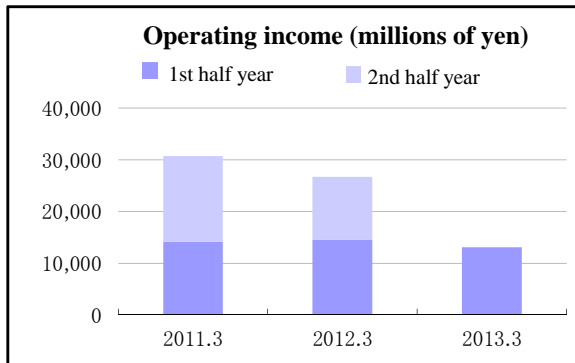
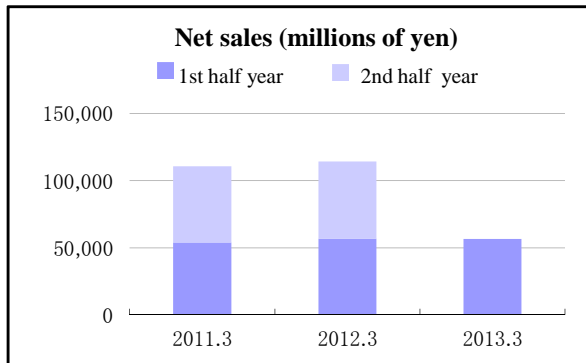
(Yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012
Exchange rate: US dollar	88.88	85.57	79.74	79.03	79.30
: Euro	115.85	113.45	116.08	110.27	102.20
: RMB	13.40	12.94	12.51	12.34	12.61

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)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	Change over previous half year (%)
Net sales	53,914	110,812	56,789	114,416	56,715	-0.1
Cost of sales (Percentage of net sales)	17,435 32.3%	34,436 31.1%	17,767 31.3%	35,385 30.9%	18,821 33.2%	5.9
Gross profit (Percentage of net sales)	36,478 67.7%	76,375 68.9%	39,021 68.7%	79,031 69.1%	37,893 66.8%	-2.9
Selling, general and administrative expenses (Percentage of net sales)	22,366 41.5%	45,636 41.2%	24,451 43.1%	52,298 45.7%	24,812 43.8%	1.5
R&D expenditures (Percentage of net sales)	6,379 11.8%	13,221 11.9%	7,602 13.4%	17,225 15.1%	7,942 14.0%	4.5
Operating income (Percentage of net sales)	14,112 26.2%	30,738 27.7%	14,570 25.7%	26,733 23.4%	13,080 23.1%	-10.2
Non-operating income	486	1,011	506	1,119	496	-2.1
Non-operating expenses	107	265	27	71	110	305.0
Ordinary income (Percentage of net sales)	14,490 26.9%	31,484 28.4%	15,050 26.5%	27,780 24.3%	13,466 23.7%	-10.5
Extraordinary gain	6	15	61	61	16	-73.2
Extraordinary loss	113	425	22	51	5	-77.6
Income before income taxes (Percentage of net sales)	14,383 26.7%	31,074 28.0%	15,088 26.6%	27,791 24.3%	13,477 23.8%	-10.7
Income taxes - current	4,537	9,970	5,015	9,912	4,382	-12.6
Income taxes - deferred	573	-229	167	717	116	-30.1
Income before minority interests	—	21,333	9,905	17,160	8,978	-9.4
Net income (Percentage of net sales)	9,272 17.2%	21,333 19.3%	9,905 17.4%	17,160 15.0%	8,978 15.8%	-9.4
Income before minority interests	—	21,333	9,905	17,160	8,978	—
Other comprehensive income	—	-1,537	43	-194	-1,331	—
Comprehensive income	—	19,796	9,949	16,966	7,646	—

Consolidated Information

Consolidated statements of income details

■ Major Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	Change over previous half year (%)
Personnel expenses	6,767	13,612	7,352	14,933	7,567	2.9
Sales promotion expenses	2,028	4,490	2,350	5,163	2,325	-1.1
Royalty expenses	1,356	2,545	1,091	1,952	950	-12.9
Advertising expenses	879	1,500	726	1,221	375	-48.3
R&D expenditures	6,379	13,221	7,602	17,225	7,942	4.5

■ Major Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	Change over previous half year (%)
Interest and dividend income	249	521	251	528	263	4.5
Gain on insurance received	136	136	143	143	157	10.1
Interest expense	24	36	11	22	2	-79.1

Sales details



■ Sales by segment

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecast
Pharmaceuticals	52,964	108,575	55,224	111,846	55,639	0.8	111,598
Prescription pharmaceuticals	50,456	103,852	52,778	107,249	52,459	-0.6	105,434
Ophthalmic	44,887	90,797	46,937	93,620	46,675	-0.6	94,282
Anti-rheumatic drugs	5,045	9,833	5,157	9,987	5,045	-2.2	9,544
Other prescription pharmaceuticals	523	3,221	682	3,641	738	8.2	1,606
OTC pharmaceuticals	2,507	4,723	2,446	4,597	3,180	30.0	6,164
Others	950	2,236	1,564	2,570	1,075	-31.3	2,901
Medical devices	944	2,224	1,558	2,558	1,069	-31.4	2,891
Others	5	11	5	11	5	-8.4	10
Total net sales	53,914	110,812	56,789	114,416	56,715	-0.1	114,500

[Domestic]

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecast
Pharmaceuticals	45,236	91,047	46,778	93,449	46,817	0.1	93,287
Prescription pharmaceuticals	42,734	86,332	44,336	88,862	43,641	-1.6	87,171
Ophthalmic	37,423	75,585	38,687	77,753	38,046	-1.7	76,710
Anti-rheumatic drugs	4,987	9,727	5,073	9,883	5,013	-1.2	9,454
Other prescription pharmaceuticals	322	1,020	575	1,225	581	1.0	1,007
OTC pharmaceuticals	2,502	4,715	2,441	4,587	3,175	30.1	6,115
Others	679	1,501	923	1,924	1,029	11.5	2,891
Medical devices	673	1,490	917	1,912	1,023	11.6	2,881
Others	5	11	5	11	5	-8.4	10
Total domestic sales	45,915	92,549	47,701	95,374	47,846	0.3	96,178
(Percentage of total net sales)	85.2%	83.5%	84.0%	83.4%	84.4%	—	84.0%

[Overseas]

(Millions of yen)

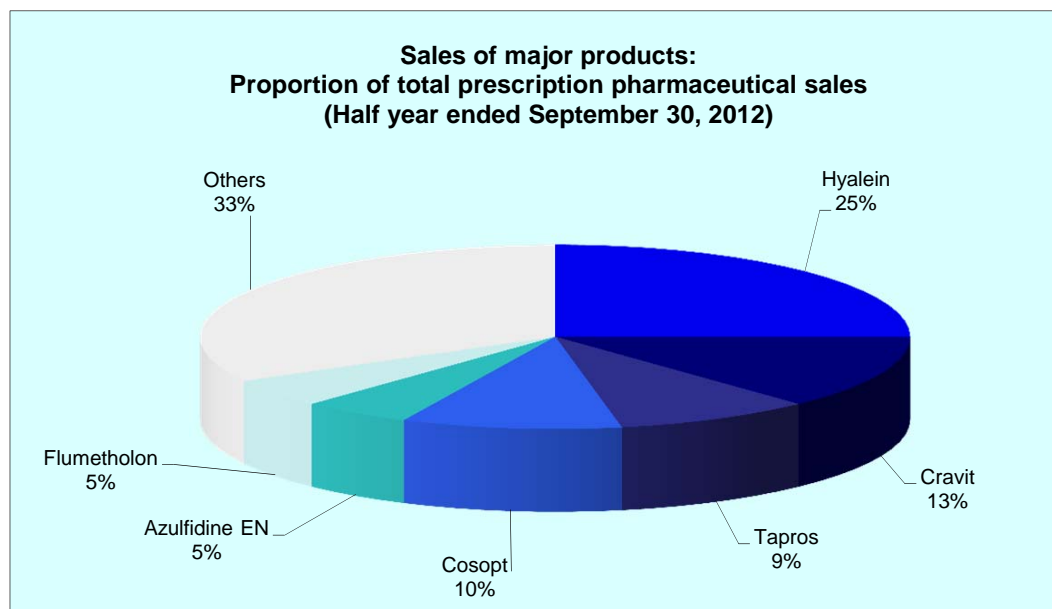
Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecast
Pharmaceuticals	7,728	17,527	8,446	18,396	8,822	4.5	18,310
Prescription pharmaceuticals	7,722	17,519	8,441	18,386	8,817	4.5	18,262
Ophthalmic	7,463	15,211	8,249	15,866	8,628	4.6	17,572
Anti-rheumatic drugs	57	106	84	103	31	-62.2	90
Other prescription pharmaceuticals	201	2,200	107	2,416	157	46.6	599
OTC pharmaceuticals	5	8	4	10	4	-1.7	48
Others	271	734	641	645	46	-92.8	10
Medical devices	271	734	641	645	46	-92.8	10
Others	—	—	—	—	—	—	0
Total overseas sales	7,999	18,262	9,087	19,042	8,868	-2.4	18,321
(Percentage of total net sales)	14.8%	16.5%	16.0%	16.6%	15.6%	—	16.0%

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Sales details

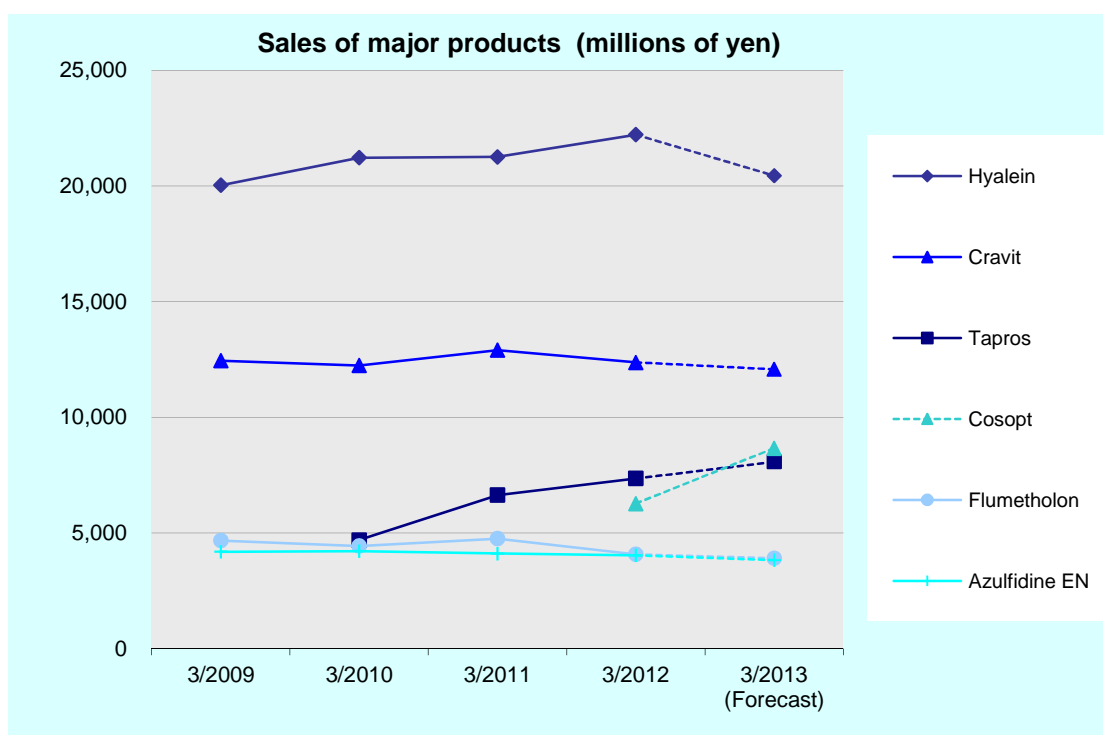
■ Sales of major prescription pharmaceuticals

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
	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
Glaucoma	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
	diquafosol sodium	Diquas	Japan	Dec-10
Inflammation	flurmetholone/ophthalmic solution	Flumetholon	Japan	Oct-75
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
	methotrexate/tablet	Metolate	Japan	Jul-04



(Millions of yen)

Half year/year to								Brand name
9/2010	3/2011	9/2011	3/2012	9/2012	% Change	3/2013 Forecast	% Change	
6,950	12,904	6,767	12,368	5,769	-14.8	12,075	-2.4	Cravit
1,254	2,419	1,036	1,932	965	-6.9	1,577	-18.4	Tarivid
3,306	6,633	3,642	7,351	3,933	8.0	8,076	9.9	Tapros
1,003	2,935	2,832	6,271	4,252	50.1	8,661	38.1	Cosopt
1,174	2,152	906	1,701	730	-19.4	1,148	-32.5	Timoptol
1,579	2,891	1,269	2,404	1,099	-13.4	1,856	-22.8	Timoptol XE
1,079	2,064	1,005	1,968	948	-5.7	1,789	-9.1	Detantol
1,471	2,777	1,284	2,472	1,164	-9.3	2,351	-4.9	Rescula
1,090	3,800	1,196	3,346	1,176	-1.7	3,404	1.7	Livostin
10,639	21,257	11,322	22,216	10,884	-3.9	20,443	-8.0	Hyalein
—	745	1,121	2,846	2,244	100.1	5,299	86.2	Diquas
2,179	4,753	1,991	4,072	2,002	0.6	3,904	-4.1	Flumetholon
1,939	3,728	1,920	3,690	1,947	1.4	3,849	4.3	Kary Uni
1,650	3,226	1,535	3,018	1,439	-6.3	3,086	2.3	Opegan Hi
2,062	3,944	1,952	3,673	1,697	-13.0	3,211	-12.6	Rimatil
2,109	4,106	2,069	4,030	1,934	-6.5	3,818	-5.2	Azulfidine EN
608	1,250	816	1,705	1,006	23.3	1,859	9.0	Metolate



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Consolidated balance sheets

■ Assets

At half-year/year end	9/2010		3/2011		9/2011		3/2012		9/2012	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	118,927	71.1	137,668	74.5	142,285	75.5	140,288	70.6	123,909	67.1
Cash and deposits	55,435		65,558		69,991		66,235		48,792	
Notes and accounts receivable-trade	37,262		38,980		38,973		37,923		39,259	
Marketable securities	8,913		13,332		13,450		12,739		13,208	
Inventories	13,356		14,704		15,421		17,949		17,268	
Deferred tax assets	2,046		1,986		2,012		1,921		1,804	
Other current assets	1,915		3,106		2,438		3,521		3,576	
Allowance for doubtful receivables	-1		-1		-1		-1		-1	
Fixed assets	48,451	28.9	47,133	25.5	46,174	24.5	58,513	29.4	60,837	32.9
Tangible assets	25,376	15.2	24,956	13.5	24,827	13.2	25,523	12.8	25,928	14.0
Buildings and structures	13,982		13,450		12,951		12,806		12,333	
Machinery, equipment and vehicles	1,758		1,632		1,558		1,581		1,574	
Land	8,215		8,216		8,203		8,213		8,200	
Leased assets	90		186		177		166		138	
Construction in progress	60		186		598		1,365		2,239	
Other tangibles	1,269		1,283		1,338		1,390		1,442	
Intangible assets	1,044	0.6	991	0.5	966	0.5	12,877	6.5	12,360	6.7
Goodwill	—		—		—		5,801		5,378	
In-process research and development	—		—		—		5,941		5,825	
Software	997		952		741		831		730	
Other intangibles	46		39		224		301		425	
Investments and other assets	22,030	13.2	21,185	11.5	20,380	10.8	20,112	10.1	22,548	12.2
Investment securities	13,841		12,141		11,788		12,411		13,893	
Deferred tax assets	6,734		7,538		7,085		6,500		6,345	
Other assets	1,454		1,505		1,506		1,200		2,308	
Total assets	167,378	100.0	184,801	100.0	188,459	100.0	198,801	100.0	184,746	100.0

■ Liabilities and net assets

At half-year/year end	9/2010		3/2011		9/2011		3/2012		9/2012	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	21,588	12.9	24,104	13.0	22,293	11.8	27,425	13.8	23,671	12.8
Trade accounts payable	5,103		6,031		5,314		8,074		5,570	
Other payables	7,467		8,444		7,647		9,009		9,439	
Income taxes payable	4,544		4,631		5,205		5,282		4,479	
Reserve for bonuses	2,504		2,712		2,595		2,943		2,711	
Other current liabilities	1,967		2,285		1,529		2,115		1,470	
Non-current liabilities	4,096	2.4	4,292	2.3	4,009	2.1	6,514	3.3	6,553	3.6
Deferred tax liabilities	15		20		20		1,996		1,957	
Retirement and severance benefits	3,153		3,266		3,387		3,459		3,643	
Retirement and severance benefits for directors and corporate auditors	446		453		189		222		203	
Asset retirement obligation	159		160		161		161		162	
Other liabilities	322		391		249		674		586	
Total liabilities	25,685	15.3	28,397	15.4	26,302	14.0	33,940	17.1	30,224	16.4
Shareholders' equity	147,819	88.3	162,159	87.7	167,824	89.1	170,770	85.9	161,705	87.5
Common stock	6,591	3.9	6,614	3.6	6,670	3.5	6,694	3.4	6,720	3.6
Capital surplus	7,286	4.4	7,968	4.3	8,025	4.3	8,049	4.0	8,075	4.4
Retained earnings	138,922	83.0	147,578	79.9	153,131	81.3	156,030	78.5	160,651	87.0
Treasury stock, at cost	-4,979	-3.0	-1	-0.0	-3	-0.0	-4	-0.0	-13,742	-7.4
Accumulated other comprehensive income	-6,432	-3.8	-6,061	-3.3	-6,017	-3.2	-6,255	-3.1	-7,587	-4.1
Unrealized (losses) gains on securities, net of taxes	-556	-0.3	-443	-0.2	-83	-0.0	51	0.0	92	0.1
Foreign currency translation adjustments	-5,875	-3.5	-5,618	-3.0	-5,934	-3.1	-6,306	-3.2	-7,679	-4.2
Stock subscription rights	306	0.2	305	0.2	350	0.2	347	0.2	403	0.2
Total net assets	141,693	84.7	156,404	84.6	162,156	86.0	164,861	82.9	154,521	83.6
Total liabilities and net assets	167,378	100.0	184,801	100.0	188,459	100.0	198,801	100.0	184,746	100.0

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012
I . Cash flows from operating activities:					
Income before income taxes	14,383	31,074	15,088	27,791	13,477
Depreciation and amortization	1,488	2,976	1,352	2,787	1,244
Amortization of goodwill	—	—	—	162	319
Increase/decrease in retirement and severance benefits	248	359	122	178	188
Interest and dividend income	-249	-521	-251	-528	-263
Interest expense	24	36	11	22	2
Increase/decrease in trade receivables	-2,237	-3,892	-2	1,037	-1,515
Increase/decrease in inventories	6	-1,299	-758	-3,294	509
Increase/decrease in trade accounts payable	-582	521	-785	2,033	-2,481
Other, net	-463	-11	-1,254	29	-2,220
Subtotal	12,618	29,243	13,522	30,219	9,260
Interest and dividend income received	244	513	255	549	270
Interest expense paid	-25	-36	-8	-16	-0
Income taxes paid	-6,543	-11,951	-4,441	-9,268	-5,168
Net cash provided by operating activities	6,294	17,769	9,327	21,483	4,362
II . Cash flows from investing activities:					
Increase in fixed deposits	-1,933	-4,384	-145	-165	-449
Decrease in fixed deposits	1,235	3,519	2,003	2,781	174
Payments for acquisition of marketable securities	-1,412	-1,488	-1,416	-1,617	-304
Proceeds from sale of marketable securities	—	403	1,924	4,850	1,537
Payments for acquisition of fixed assets	-783	-1,650	-1,327	-3,280	-1,380
Proceeds from sale of fixed assets	185	188	5	6	30
Purchase of investment securities	-3,071	-4,296	-4	-2,420	-2,219
Proceeds from sale of investment securities	3	20	377	377	—
Other, net	8	12	0	-10,804	0
Net cash (used in) provided by investing activities	-5,769	-7,676	1,416	-10,272	-2,612
III . Cash flows from financing activities:					
Purchase of treasury stock	-22	-25	-1	-2	-13,763
Dividends paid	-3,401	-6,808	-4,350	-8,705	-4,354
Other, net	-171	5,263	107	148	36
Net cash used in financing activities	-3,594	-1,570	-4,244	-8,559	-18,082
IV . Effect of exchange rate changes on cash and cash equivalents	-463	-388	-267	-98	-484
V . Net increase/decrease in cash and cash equivalents	-3,532	8,133	6,231	2,553	-16,817
VI . Cash and cash equivalents at beginning of year	64,348	64,348	72,482	72,482	75,035
VII . Cash and cash equivalents at end of year	60,815	72,482	78,714	75,035	58,218

Other Consolidated information



■ R&D expenditures

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	3/2013 Forecast
Consolidated	6,379	13,221	7,602	17,225	7,942	17,500
Percentage of net sales	11.8%	11.9%	13.4%	15.1%	14.0%	15.3%

■ Capital expenditures

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	3/2013 Forecast
Consolidated	497	1,709	1,261	3,492	1,872	6,430

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

■ Depreciation and amortization

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	3/2013 Forecast
Manufacturing cost	730	1,532	679	1,400	580	1,290
Selling, general and administrative expenses	274	512	286	553	276	640
R&D expenses	373	762	351	764	344	910
Consolidated total	1,379	2,808	1,317	2,717	1,200	2,840

■ Lease expenses

(Millions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012	3/2013 Forecast
Consolidated	128	156	18	23	5	10
Manufacturing cost	92	94	1	2	1	5

■ Number of employees

At half-year/year end	9/2010	3/2011	9/2011	3/2012	9/2012
Consolidated	2,818	2,867	2,946	3,053	3,095
Sales division	1,120	1,108	1,206	1,268	1,314
Production division	839	847	854	860	863
R&D division	562	574	575	624	613
Corporate or back-office division	297	338	311	301	305

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
				Asia						Mar-10
China						Jan-11				

A prostaglandin F_{2α} derivative for the treatment of glaucoma and ocular hypertension. Launched in Japan in December, 2008. In Europe, launched in Germany, Denmark, etc. In the countries including the U.S., development rights were granted to Merck & Co., Inc. (U.S.) in April, 2009. In Asia, launched in Hong Kong, Korea, Indonesia, Singapore. NDA filed in China. In the U.S., 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
				China					Jan-12	

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. Approved in Korea, and NDA filed 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, it has excellent safety profile with mild systemic adverse drug reactions.

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 extension 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
Sirolimus	DE-109	Uveitis	Original	U.S.						
				Japan						
				Europe						

An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in the U.S. and Japan. Phase 3 study was started in EU.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost/ timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Oct-11
			Co-development	Europe						

A combination drug of a prostaglandin F_{2α} derivative and a beta-adrenergic receptor blocker.

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensor	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/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	US	(Phase 1/2a)					
A prostaglandin EP2 agonist with a new mechanism of action. Phase 1/2a was started in the US.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan			Feb-12			
A prostaglandin F2 α derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, unit-dose type product.										

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-098	Rheumatoid arthritis	Janssen Biotech	Japan						
A joint injection inducing apoptosis in diseased joints of rheumatoid arthritis patients. Next development plan is under evaluation based on Phase 2 study results.										

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

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokot	Severe dry eye	Original	Europe						
				U.S.						
An 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						
An ophthalmic emulsion which improves the symptoms of vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
An ophthalmic emulsion of a prostaglandin F2 α derivative, for the treatment of glaucoma and ocular hypertension.										
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	U.S.	(Phase 1/2)					
An intravitreal injection with anti-inflammatory effect.										

*Catioprost and Cortiject are under project evaluation.

■ Changes from 12FY1Q (August 1, 2012)

Dev. code	Changes
DE-108	NDA disapproved in Korea
DE-111	NDA filed in Japan in October 2012

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices

(%)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Industry average	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%	—	-6.25%
Ophthalmic drugs	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%	—	mid -4%
Santen	—	-5.7	—	-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)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012
Prescription ophthalmics	37.0%	35.8%	36.7%	36.1%	35.6%
	118.5	247.4	125.7	254.9	130.0
Anti-rheumatic drugs* (DMARDs)	43.1%	43.0%	41.4%	41.0%	39.8%
	12.8	25.5	13.6	27.2	13.8

Notes: - On an NHI drug price basis.

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*Disease-modifying anti-rheumatic drugs

Source: Santen analysis based on IMS data (JPM)

Period: 2010.4-2012.9; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2010	3/2011	9/2011	3/2012	9/2012
Anti-glaucoma	24.8%	25.7%	28.0%	28.4%	30.5%
	45.4	90.1	46.2	92.2	47.1
Corneal disease treatments	75.1%	76.0%	77.6%	77.5%	75.7%
	15.6	32.0	17.3	35.6	18.9
Anti-infective	68.7%	68.4%	68.3%	67.5%	62.0%
	11.9	22.4	11.5	21.5	10.1
Anti-allergy	18.7%	16.7%	19.1%	17.6%	18.6%
	9.5	29.3	11.2	26.4	10.6

Notes: - On an NHI drug price basis.

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- Lower figures indicate market size.

Source: Santen analysis based on IMS data (JPM)

Period: 2010.4-2012.9; Unauthorized copy prohibited

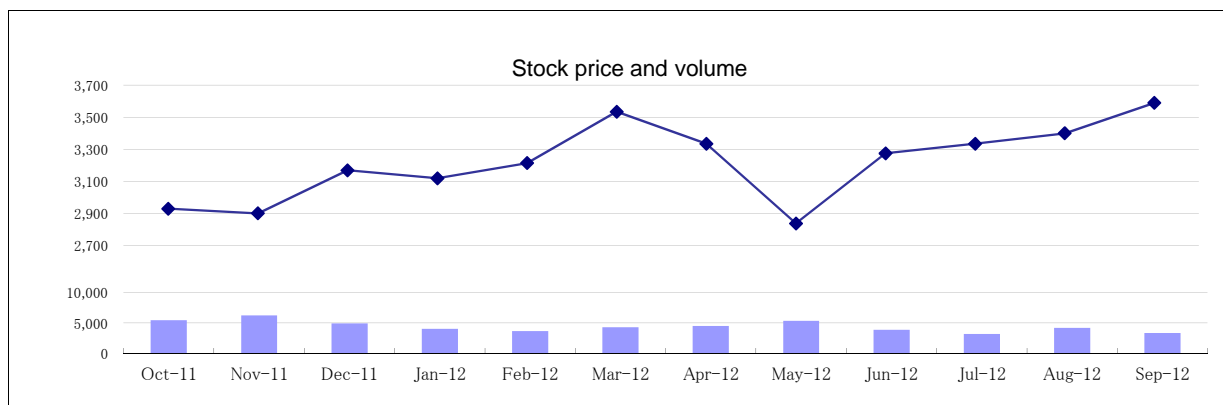
Stock information



■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Stock price:												
End of month	2,930	2,901	3,170	3,120	3,215	3,535	3,335	2,839	3,275	3,335	3,400	3,590
Volume	5,417	6,206	4,915	4,039	3,657	4,272	4,515	5,350	3,887	3,196	4,196	3,361



■ Major shareholders (top 10)

As of September 30, 2012

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	11,090	12.7
State Street Bank and Trust Company 505223	4,621	5.3
Development Bank of Japan Inc.	3,310	3.8
The Master Trust Bank of Japan, Ltd.	3,029	3.5
Nippon Life Insurance Company	2,696	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.4
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	2,038	2.3
Mellon Bank Treaty Clients Omnibus	2,035	2.3
Trust & Custody Services Bank, Ltd.	1,977	2.3
State Street Bank and Trust Company	1,796	2.1

*Santen pharmaceutical Co.,LTD. 4,939 Thousand shares(5.7%)

■ Major stock information

	3/2009	3/2010	3/2011	3/2012	9/2012
Issued shares (thousands)	86,916	86,992	87,053	87,146	87,168
Treasury stock (thousands)	1,893	1,902	0	1	4,939
Market Capitalization (million)	238,150	244,100	288,581	308,063	312,934
A purchased amount of money (millions of yen)	—	—	—	—	13,735
The number of the purchased stocks (thousand shares)	—	—	—	—	4,937

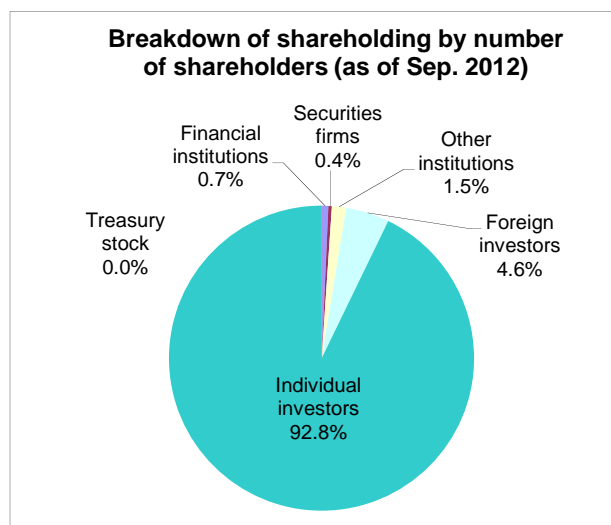
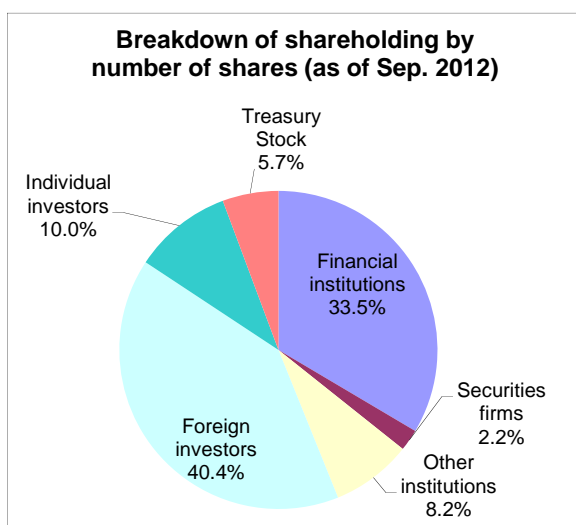
Stock information

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2010		3/2011		9/2011		3/2012		9/2012	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	30,847	35.4	32,284	37.1	32,860	37.7	30,457	35.0	29,235	33.5
City & regional banks	2,443	2.8	2,422	2.8	2,370	2.7	2,376	2.7	2,255	2.6
Trust banks	20,699	23.8	20,431	23.5	21,604	24.8	19,316	22.2	18,367	21.1
(concerned in trust works)	18,568		18,310		18,570		16,923		15,977	
Life and non-life insurance	6,822	7.8	5,274	6.0	4,805	5.5	4,740	5.4	4,590	5.2
Other financial institutions	881	1.0	4,155	4.8	4,080	4.7	4,023	4.6	4,022	4.6
Securities firms	409	0.5	417	0.5	749	0.9	375	0.4	1,900	2.2
Other institutions	13,399	15.4	13,413	15.4	12,096	13.9	12,098	13.9	7,162	8.2
Foreign investors	30,309	34.8	31,228	35.9	31,981	36.7	35,130	40.3	35,189	40.4
Individual investors	10,157	11.7	9,708	11.1	9,438	10.8	9,083	10.4	8,740	10.0
Treasury Stock	1,909	2.2	0	0.0	0	0.0	1	0.0	4,939	5.7
Total	87,033	100.0	87,053	100.0	87,127	100.0	87,146	100.0	87,168	100.0

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2010		3/2011		9/2011		3/2012		9/2012	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	75	0.8	71	0.8	65	0.8	63	0.8	55	0.7
City & regional banks	7	0.1	6	0.1	4	0.1	5	0.1	3	0.0
Trust banks	28	0.3	28	0.3	28	0.3	28	0.3	26	0.3
Life and non-life insurance	31	0.3	29	0.3	28	0.3	26	0.3	22	0.3
Other financial institutions	9	0.1	8	0.1	5	0.1	4	0.1	4	0.1
Securities firms	33	0.4	32	0.3	38	0.4	33	0.4	33	0.4
Other institutions	124	1.3	125	1.4	128	1.5	121	1.5	117	1.5
Foreign investors	354	3.8	381	4.2	378	4.3	360	4.3	367	4.6
Individual investors	8,738	93.7	8,479	93.3	8,150	93.0	7,710	93.0	7,448	92.8
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	9,325	100.0	9,089	100.0	8,760	100.0	8,288	100.0	8,021	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% *1

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% *1

Santen Holdings EU B.V.					
Main business	Holdings 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% *2

Novagali Pharma S.A.S.					
Main business	Development and marketing of pharmaceuticals				
Location	Evry, France	Paid-in capital	10,382 thousand euros	Equity owned	100% *2

Santen GmbH					
Main business	Marketing of pharmaceuticals and business development				
Location	Munich, Germany	Paid-in capital	25 thousand euros	Equity owned	100% *2

SantenPharma AB					
Main business	Marketing support of pharmaceuticals				
Location	Stockholm, Sweden	Paid-in capital	500 thousand S.KR	Equity owned	100% *2

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	29,000,000 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 of pharmaceuticals				
Location	Bangalore, India	Paid-in capital	48,500 thousand India rupee	Equity owned	99.9%、0.1% *1

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

*2 : Indirect investment through Santen Holdings EU B.V.

News releases

News releases during April 2012-September 2012

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

2012

**8-May Santen to Issue Rights to Subscribe for New Shares as Stock Options in favor of Directors
Santen to Issue Rights to Subscribe for New Shares as Stock Options in favor of
Corporate Officers**

Santen's Board of Directors on May 8, 2012 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 100th Annual General Meeting on June 20, 2012.

8-May Announcement of the conclusion of the agreement on co-promotion of VEGF Trap-Eye (aflibercept intravitreal injection)

Bayer Yakuhin and Santen Pharmaceutical concluded an agreement of co-promotion of VEGF Trap-Eye (aflibercept intravitreal injection) for the treatment of wet age-related macular degeneration (wet AMD) in the market of Japan on May 7, 2012.

20-Jun Notice on the Allotment of Stock Options (Stock Acquisition Rights)

4-Jul Notice on the Exercise Price of Stock Options (Stock Acquisition Rights)

1-Aug Notice of Acquisition and Tender Offer of Treasury Stock

Santen Pharmaceutical hereby announced that it was resolved at the Board of Directors meeting held on August 1, 2012 to acquire treasury stock specifically by means of tender offer ("Tender Offer") pursuant to Article 156, Paragraph 1, applied with certain replacement of terms as provided in Article 165, Paragraph 3 of the Company Act (Law No. 86 of 2005, as amended) and the provisions of its Articles of Association.

30-Aug Notification Regarding Result and Completion of Acquisition of Treasury Stock and Tender Offer of Treasury Stock

On August 29, 2012, the stock acquisition has been completed through this buyback since August 2, 2012.

25-Sep Notice on the Establishment of a New Sales and Marketing Company in China

Santen Pharmaceutical announced that it will establish a new wholly owned sales and marketing company ("Newco") in China. Through the establishment of Newco, and based on the business strategies, Santen intends to further contribute in improving the QOL (Quality of Life) of patients in China.

25-Sep Eisai and Santen Enter into Option Agreement for New Ophthalmic Drugs

Eisai and Santen Pharmaceutical announced that they have entered into an option agreement which grants Santen rights of evaluation and first negotiation for Eisai-owned compounds in the field of ophthalmology. The two companies seek to leverage Eisai's compounds and Santen's strengths in the field of ophthalmology to expedite the creation of innovative new drugs to treat ophthalmic diseases, thereby making further contributions to address the diversified needs of, and increase the benefits provided to, patients and their families.

28-Sep Intravitreal VEGF Inhibitor "EYLEA Solution for Intravitreal Injection" and "EYLEA Intravitreal Injection KIT" Approved for the Treatment of Wet Age-Related Macular Degeneration in Japan

Bayer Yakuhin and Santen Pharmaceutical announced that Bayer Yakuhin has received the marketing authorization for the new drug application for the intravitreal VEGF* inhibitor EYLEA® solution for intravitreal injection 40 mg/mL and EYLEA® intravitreal injection KIT 40 mg/mL (aflibercept [recombinant], hereafter EYLEA) for the treatment of patients with age-related macular degeneration with subfoveal choroidal neovascularization (wet age-related macular degeneration). The launch is subsequently planned after inclusion in the National Health Insurance (NHI) reimbursement price list.