



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2004

Year Ended March 31, 2004

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2003-2005 Medium-term Management Plan

To lay the groundwork for significant advances in the year ending March 31, 2007 and beyond, Santen will devote the next three years to thoroughly overhauling its earnings structure and bolstering its R&D capabilities. By doing so, Santen aims to evolve into a company that makes R&D - in the fields of ophthalmic and rheumatic/osteoarthritic treatments - the source of growth, in addition to its existing strength in sales and marketing.

I. Basic Objectives

1. Restoration of Profitability
2. Strengthening of R&D
3. Reinforcement of Organizational Strength

II. Financial Targets

Billions of yen, except ROE

	Year ending March 2006	←	Year ended March 2003
Net sales	93.0		90.2
Operating income	18.0		12.6
Net income	10.0		8.5
Return on equity (ROE)	10.0%		8.8%

III. Key Issues

1. Restoration of Profitability

- Early profitability of U.S. operations
- Reduction of expenses
- Maintenance and improvement of domestic earnings base

2. Strengthening of R&D

- Accelerating new product development
- Enhancing the pipeline of drug candidates through focused resource allocation

3. Reinforcement of Organizational Strength

- Strengthening of corporate governance
- Employee education and enhancement of organizational management capabilities

Note: For details, please visit our Web site (<http://www.santen.co.jp/ir/en/news/pdf/200302202.pdf>).

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Financial highlights

[Consolidated]

Financial summary

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003	2005 Estimate	% Change 2005/2004
Net sales	83,577	88,448	88,966	90,252	89,857	-0.4	86,000	-4.3
Operating income	17,508	16,538	11,790	12,697	14,525	14.4	14,000	-3.6
Ordinary income	17,445	16,897	12,107	12,899	15,790	22.4	13,800	-12.6
Net income	7,941	7,713	5,305	8,502	6,321	-25.7	8,000	26.6
Dividends per share (yen)	12	20	20	20	40	-	40	-
Payout ratio (%)	14.4	24.6	34.9	21.4	55.8	-	-	-

Balance sheets summary

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Total assets	149,968	153,242	152,103	147,147	150,237	2.1
Shareholders' equity	95,669	94,834	95,101	97,125	103,499	6.6
Interest-bearing debts	25,747	25,092	24,466	23,047	12,686	-45.0

Financial indexes

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003	2005 Estimate	% Change 2005/2004
EPS (yen)	83.54	81.32	57.34	93.67	71.65	-23.5	90.98	27.0
Debt equity ratio (times)	0.27	0.26	0.25	0.23	0.12	-	-	-
PER (times)	26.3	27.3	25.3	12.3	24.3	-	-	-
PBR (times)	2.35	2.17	1.38	1.04	1.50	-	-	-
ROE (%)	8.6	8.1	5.6	8.8	6.3	-	-	-
* Free cash flows (millions of yen)	6,862	1,889	356	8,762	19,971	127.9	-	-
* EBITDA (millions of yen)	20,608	21,633	18,479	14,738	18,660	26.6	-	-

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

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

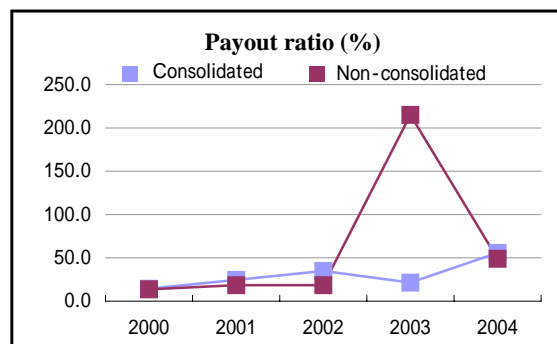
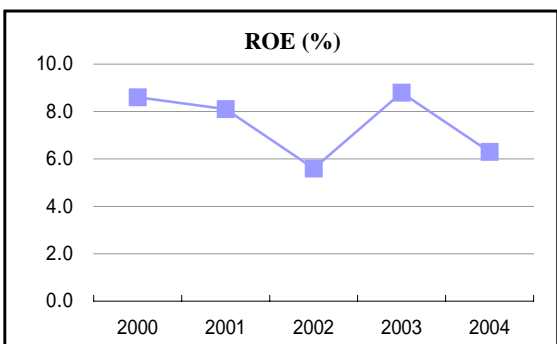
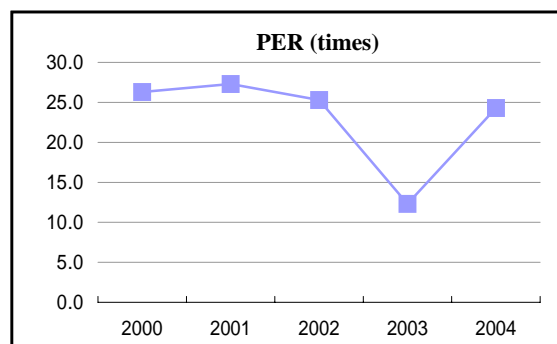
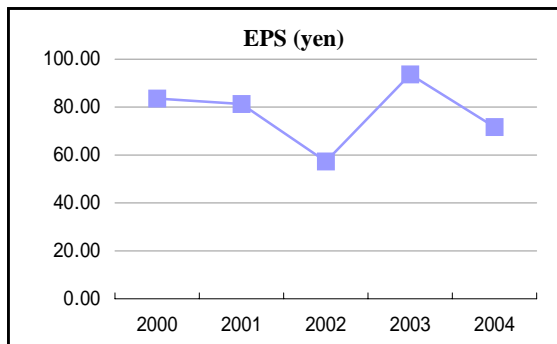
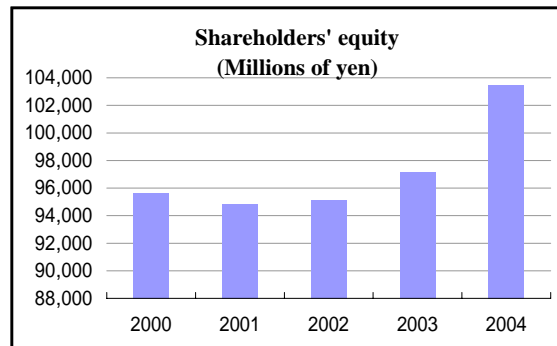
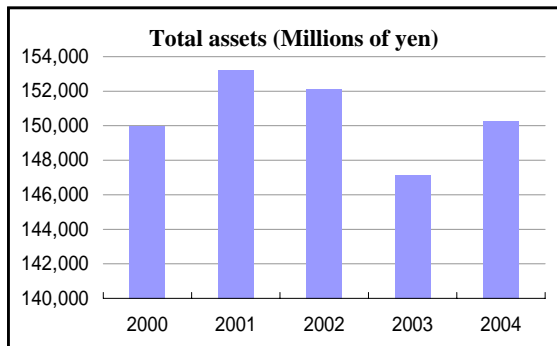
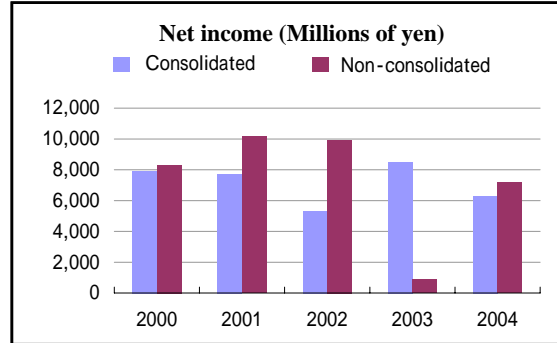
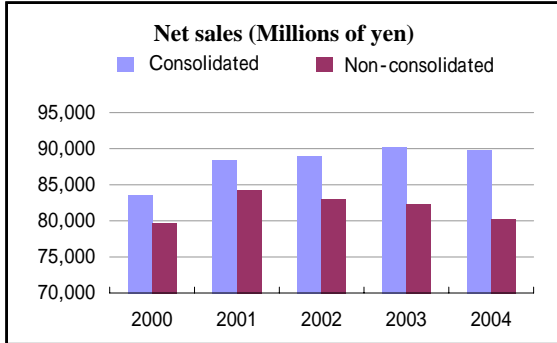
Other figures

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003	2005 Estimate	% Change 2005/2004
R&D expenses (millions of yen)	9,220	10,510	12,186	12,719	11,853	-6.8	13,100	10.5
Capital expenditures (millions of yen)	2,222	3,039	8,516	4,134	2,871	-30.6	2,890	0.7
Depreciation and amortization (millions of yen)	4,045	4,336	3,837	3,638	3,914	7.6	3,830	-2.1
Number of employees	2,093	2,167	2,463	2,500	2,335	-	-	-

[Non-consolidated]

Financial summary

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003	2005 Estimate	% Change 2005/2004
Net sales (millions of yen)	79,669	84,295	82,990	82,372	80,227	-2.6	79,400	-1.0
Operating income (millions of yen)	17,596	18,712	15,586	17,329	17,469	0.8	14,700	-15.9
Ordinary income (millions of yen)	17,708	19,072	16,060	17,011	18,680	9.8	15,000	-19.7
Net income (millions of yen)	8,312	10,165	9,932	871	7,176	723.6	9,200	28.2
Dividends per share (yen)	12	20	20	20	40	-	40	-
Payout ratio (%)	13.7	18.5	18.5	215.1	49.0	-	-	-



Consolidated Information

Consolidated income statements

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Net sales	83,577	88,448	88,966	90,252	89,857	-0.4
Cost of sales	32,175	33,363	32,699	32,271	31,857	-1.3
(Percentage of net sales)	38.5%	37.7%	36.8%	35.7%	35.4%	
Gross profit	51,401	55,085	56,266	57,981	58,000	0.0
(Percentage of net sales)	61.5%	62.3%	63.2%	64.3%	64.6%	
Selling, general and administrative expenses	33,893	38,546	44,475	45,284	43,474	-4.0
(Percentage to net sales)	40.6%	43.6%	50.0%	50.2%	48.3%	
R&D expenses	9,220	10,510	12,186	12,719	11,853	-6.8
(Percentage of net sales)	11.0%	11.9%	13.7%	14.1%	13.2%	
Operating income	17,508	16,538	11,790	12,697	14,525	14.4
(Percentage to net sales)	20.9%	18.7%	13.2%	14.1%	16.2%	
Non-operating income	1,338	1,414	1,128	1,269	2,908	129.1
Non-operating expenses	1,400	1,055	811	1,066	1,643	54.0
Ordinary income	17,445	16,897	12,107	12,899	15,790	22.4
(Percentage of net sales)	20.9%	19.1%	13.6%	14.3%	17.6%	
Extraordinary gain	202	57	952	17	682	3,817.1
Extraordinary loss	3,225	1,434	380	2,969	2,698	-9.1
Income before income taxes	14,422	15,520	12,678	9,947	13,774	38.5
(Percentage of net sales)	17.3%	17.5%	14.3%	11.0%	15.3%	
Income taxes - current	8,508	8,973	6,932	463	8,750	1,789.4
Income taxes - deferred	-2,027	-1,166	440	981	-1,297	-232.2
Net income	7,941	7,713	5,305	8,502	6,321	-25.7
(Percentage of sales)	9.5%	8.7%	6.0%	9.4%	7.0%	

Exchange rates

(Yen)

Year ended March 31	2000	2001	2002	2003	2004	2005 Estimate
Exchange rate: US dollar	106.15	110.54	125.57	121.87	113.29	110.00
Euro	106.32	100.02	110.07	119.93	132.40	128.00

Major change in income statements

[Net sales]		(Millions of yen)	
Year ended March 31	Domestic	Overseas	Change 2004/2003
Prescription pharmaceuticals	-1,142	1,858	716
Ophthalmic	-1,292	1,915	622
Anti-rheumatic	325	12	338
Other prescription pharmaceuticals	-175	-70	-244
OTC pharmaceuticals	-966	-18	-984
Medical devices	24	-28	-4
Others	-172	49	-123
Total	-2,255	1,861	-395

*The figure represents fluctuation from the previous year.

Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Personnel expenses	9,615	10,049	11,919	12,084	11,313	-6.4
Sales promotion expenses	2,499	3,366	4,014	4,253	4,201	-1.2
Royalty expenses	2,174	2,552	2,457	2,173	2,279	4.9
Advertising expenses	2,183	1,578	2,189	2,218	1,948	-12.2
R&D expenses	9,220	10,510	12,186	12,719	11,853	-6.8

Other income and expenses

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Interest and dividend income	565	578	304	268	239	-10.5
Royalty income	189	-	-	-	-	-
Interest expenses	461	430	465	480	365	-23.9
Loss on sales of investment securities	42	-	-	-	0	0.0
Loss on valuation of investment securities	134	-	-	-	-	-
Amortization expenses of goodwill	590	239	263	287	317	10.4

Extraordinary gain and loss

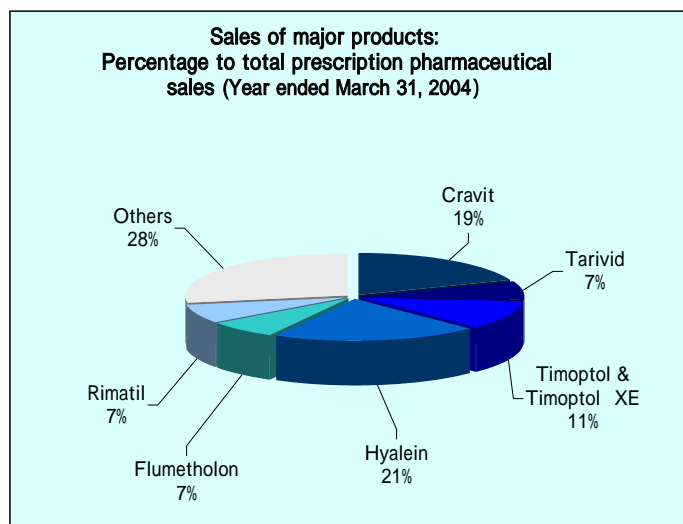
(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004
Gain on settlement of suit regarding Princeton Bonds	-	-	886	-	-
Gain on sale of investment securities	-	-	32	15	675
Loss on valuation of investment securities	991	-	178	601	200
Amortization of unfunded portion of retirement benefit obligation	2,037	-	-	-	-
Loss on withdrawal of OTC products	-	906	-	-	-
Special premium payment incurred upon secession from pension fund	-	-	-	2,202	-
Retirement benefit for carrier development support	-	-	-	-	719
Loss on discontinued operation of affiliates	-	-	-	-	855

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
		Quixin	U.S.A.	Nov-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	dipivefrine hydrochloride	Pivalephrine	Japan	Dec-88
	bunazosin hydrochloride	Detantol	Japan	Sep-01
	timolol ophthalmic solution	Betimol	U.S.A.	Jun-95
	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
Allergy	pemiroloast potassium/ophthalmic solution	Alegysal	Japan	Apr-95
		Alamast	U.S.A.	Jul-00
	ketotifen fumarate/ophthalmic solution	Zaditen	Japan	Jul-91
Corneal disease	sodium hyaluronate/ophthalmic solution	Hyalein	Japan	Jun-95
Inflammation	fluorometholone/ophthalmic solution	Flumetholon	Japan	Oct-75
Early-stage senile cataract	pirenoxine/ophthalmic solution	Kary Uni	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	Opegan Hi	Japan	Jan-95
Perfusate/lotion	oxiglutatione/ophthalmic perfusate and lotion	BSS Plus	Japan	Jan-92
Rheumatoid arthritis	bucillamine/tablet	Rimatil	Japan	Sep-87
	salazosulfapyridine/enteric coated tablet	Azulfidine EN	Japan	Dec-95

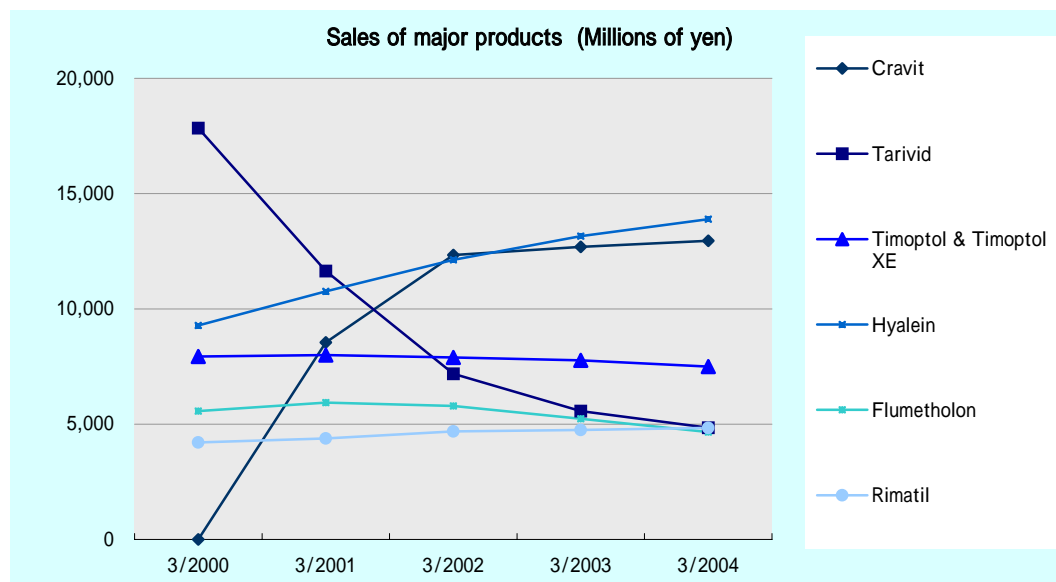


(Millions of yen)

Year ended March 31					Year ended March 31			Brand name
2000	2001	2002	2003	2004	% Change 2004/2003	2005 Estimate	% Change 2005/2004	
-	8,543	12,338	12,691	12,957	2.1	11,930	-7.9	Cravit
-	189	545	1,399	1,982	41.6	*	-	Quixin
17,838	11,639	7,184	5,566	4,847	-12.9	4,020	-17.1	Tarivid
7,418	6,363	5,745	5,289	4,846	-8.4	4,370	-9.8	Timoptol
514	1,634	2,145	2,477	2,654	7.1	2,770	4.4	Timoptol XE
1,693	1,135	848	628	472	-24.8	440	-6.8	Pivalephrine
-	-	593	1,498	1,917	27.9	2,220	15.8	Detantol
387	229	892	856	1,412	64.9	*	-	Betimol
-	1,204	2,225	3,028	2,729	-9.9	3,810	39.6	Livostin
1,011	1,016	865	848	699	-17.6	780	11.6	Alegysal
-	80	207	199	462	131.5	*	-	Alamast
4,643	4,718	166	-	-	-	-	-	Zaditen
9,281	10,758	12,130	13,156	13,893	5.6	14,160	1.9	Hyalein
5,566	5,938	5,792	5,234	4,658	-11.0	4,440	-4.7	Flumetholon
2,743	2,909	3,092	3,326	3,295	-0.9	3,200	-2.9	Kary Uni
2,496	2,449	2,319	2,305	2,267	-1.7	2,510	10.7	Opegan Hi
2,086	2,058	2,010	1,505	1,358	-9.7	1,010	-25.6	BSS Plus
4,209	4,380	4,685	4,751	4,836	1.8	4,860	0.5	Rimatil
2,095	2,349	2,605	2,880	3,132	8.8	3,170	1.2	Azulfidine EN

*Estimated sales for Quixin, Betimol and Alamast for the year ending March 2005 are not disclosed due to a sales transfer in the U.S.A. that took place in February 2004.

The estimated sales for the distributor for the year ending March 2005 in the U.S.A. are 1,590 million yen.



Sales details

Sales by division

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Prescription pharmaceuticals	73,168	78,878	78,149	79,345	80,061	0.9
Ophthalmic	65,561	71,231	70,043	71,122	71,744	0.9
Anti-rheumatic	6,305	6,729	7,291	7,631	7,969	4.4
Other prescription pharmaceuticals	1,301	916	814	591	347	-41.3
OTC pharmaceuticals	6,964	5,225	6,592	5,656	4,672	-17.4
Medical devices	1,017	1,144	916	918	914	-0.4
Others	2,425	3,170	3,308	4,332	4,209	-2.8
Total net sales	83,577	88,448	88,966	90,252	89,857	-0.4

[Domestic]

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Prescription pharmaceuticals	70,018	75,435	72,270	72,010	70,868	-1.6
Ophthalmic	62,637	67,919	64,425	64,009	62,717	-2.0
Anti-rheumatic	6,182	6,661	7,156	7,537	7,862	4.3
Other prescription pharmaceuticals	1,198	853	688	463	288	-37.7
OTC pharmaceuticals	6,947	5,207	6,555	5,623	4,657	-17.2
Medical devices	1,017	1,143	839	853	877	2.8
Others	807	966	982	1,245	1,073	-13.8
Total net sales	78,789	82,753	80,647	79,732	77,477	-2.8
(Percentage of total net sales)	94.3%	93.6%	90.7%	88.3%	86.2%	-

[Overseas]

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Prescription pharmaceuticals	3,150	3,443	5,878	7,335	9,193	25.3
Ophthalmic	2,924	3,312	5,617	7,112	9,027	26.9
Anti-rheumatic	123	67	134	94	106	12.5
Other prescription pharmaceuticals	103	63	126	128	58	-54.2
OTC drugs	17	47	36	32	14	-55.3
Medical devices	-	-	76	65	37	-43.2
Others	1,618	2,204	2,325	3,086	3,135	1.6
Total overseas sales	4,788	5,695	8,318	10,519	12,380	17.7
(Percentage of total net sales)	5.7%	6.4%	9.3%	11.7%	13.8%	-

Breakdown by geographic segment



Breakdown by geographic segment

Year ended March 31		2000		2001		2002		2003		2004	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	79,781	95.4	84,138	95.1	82,623	92.9	81,857	90.7	79,338	88.3
	Europe	2,907	3.5	3,016	3.4	4,844	5.4	6,642	7.4	8,848	9.8
	Others	887	1.1	1,293	1.5	1,497	1.7	1,752	1.9	1,671	1.9
	Total	83,577	100.0	88,448	100.0	88,966	100.0	90,252	100.0	89,857	100.0
Operating expenses by geographic segment	Japan	57,385		59,951		64,263		61,865		60,004	
	Europe	3,428		6,187		9,327		11,442		12,603	
	Others	3,590		5,848		9,385		10,482		8,255	
	Total	64,404		71,987		82,976		83,790		80,863	
	Corporate and eliminations	1,664		-77		-5,800		-6,234		-5,531	
Consolidated total	66,069		71,910		77,175		77,555		75,332		
Operating income by geographic segment	Japan	22,411		24,482		18,879		20,652		20,351	
	Europe	-117		-2,307		-3,384		-3,816		-2,599	
	Others	-52		45		-473		-1,082		-548	
	Total	22,242		22,220		15,021		15,753		17,204	
	Corporate and eliminations	-4,734		-5,681		-3,230		-3,056		-2,678	
Consolidated total	17,508		16,538		11,790		12,697		14,525		

Europe: Finland, Sweden and Germany

Other: U.S.A., Taiwan and Korea

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

Overseas sales

Year ended March 31		2000		2001		2002		2003		2004	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		2,488	52.0	2,252	39.5	3,009	36.2	3,505	33.3	4,370	35.3
North America		1,437	30.0	2,206	38.8	3,499	42.1	4,649	44.2	5,813	47.0
Others		862	18.0	1,237	21.7	1,809	21.7	2,364	22.5	2,196	17.7
Total		4,788	100.0	5,695	100.0	8,318	100.0	10,519	100.0	12,380	100.0

Europe: Finland, Sweden, Denmark, Russia and Germany

North America: U.S.A. and Canada

Other: Asian countries

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

Consolidated balance sheets

Assets		(Millions of yen)									
March 31	2000		2001		2002		2003		2004		
		%		%		%		%		%	
Current assets	82,218	54.8	88,025	57.4	86,064	56.6	83,431	56.7	91,230	60.7	
Cash and deposits	31,119		27,293		24,185		23,136		33,629		
Notes receivable and accounts receivable	31,914		40,921		39,415		32,516		32,456		
Marketable securities	5,080		3,189		4,131		7,771		9,303		
Inventories	11,183		11,986		12,371		11,684		10,393		
Deferred tax assets	1,419		2,412		1,870		1,201		2,255		
Other current assets	1,647		2,316		4,157		7,262		3,448		
Allowance for doubtful receivables	-146		-94		-67		-141		-256		
Fixed assets	64,128	42.8	65,215	42.6	66,038	43.4	63,716	43.3	59,006	39.3	
Tangible assets	37,415	25.0	36,683	24.0	42,159	27.7	40,850	27.8	37,237	24.8	
Buildings and structures	21,475		19,789		18,562		20,351		20,577		
Machinery, equipment and vehicles	2,236		1,644		1,926		1,958		1,882		
Land	11,031		10,988		11,009		10,990		10,645		
Construction in progress	177		1,750		8,200		4,966		1,750		
Other tangible assets	2,495		2,511		2,460		2,582		2,382		
Intangible assets	5,233	3.5	4,781	3.1	5,164	3.4	4,781	3.2	4,000	2.7	
Goodwill	1,804		1,556		2,260		1,598		1,323		
Software	884		721		992		911		1,207		
Consolidation adjustments	-		-		17		13		10		
Other intangible assets	2,544		2,504		1,893		2,256		1,458		
Investments and other assets	21,479	14.3	23,750	15.5	18,715	12.3	18,085	12.3	17,769	11.8	
Investment securities	10,104		13,237		9,821		9,945		11,482		
Long-term deferred tax assets	2,568		1,826		2,515		2,331		1,814		
Others	8,812		8,687		6,392		5,808		4,476		
Allowance for doubtful receivables	-6		-0		-13		-0		-3		
Deferred assets	-		2		-		-		-		
Foreign currency translation adjustments	3,621	2.4	-	-	-	-	-	-	-	-	
Total assets	149,968	100.0	153,242	100.0	152,103	100.0	147,147	100.0	150,237	100.0	

[Major variances between March 31, 2003 and March 31, 2004]

Cash, deposits and Marketable securities:	Due to an increase in income before income taxes and the receipt of the sales of manufacturing facilities to a lease company.
Inventories:	Due to a decrease in product inventory.
Other current assets:	Decreased due to the receipt of income tax receivables of 2,114 million yen.
Construction in progress:	Decreased due to the transfer of Shiga Plant manufacturing facilities (1,436 million yen) to leasing contract and Shiga Plant facilities No.2 construction (1,458 million yen) to buildings and structures.
Investment securities:	Increased due to rise in market value on stock price increases.

Liabilities and shareholders' equity

(Millions of yen)

March 31	2000		2001		2002		2003		2004	
		%		%		%		%		%
Current liabilities	21,959	14.6	27,340	17.8	26,334	17.3	39,637	26.9	27,153	18.1
Accounts payable	5,076		6,900		4,798		5,476		5,039	
Current portion of convertible bonds	-		-		-		19,945		-	
Current portion of long-term debt	653		629		1,417		416		416	
Other payables	7,565		10,784		11,754		9,117		8,853	
Income taxes payable	3,822		4,640		3,428		1		8,132	
Consumption taxes payable	476		582		484		283		566	
Reserve for bonuses	2,116		2,088		2,311		2,432		2,228	
Other reserves	1,180		1,157		1,067		741		650	
Other current liabilities	1,067		556		1,071		1,222		1,265	
Noncurrent liabilities	32,340	21.6	31,068	20.3	30,668	20.2	10,384	7.1	19,584	13.0
Convertible bonds	19,945		19,945		19,945		-		-	
Long-term debt	5,148		4,518		3,103		2,686		12,270	
Other payables - long-term	398		30		-		86		84	
Reserve for retirement benefits	5,388		-		-		-		-	
Reserve for retirement benefits	-		5,058		5,156		5,288		5,331	
Reserve for retirement benefits for directors and auditors	214		246		444		465		441	
Deffered tax liabilities	41		38		34		32		26	
Other	1,211		1,230		1,983		1,825		1,429	
Total liabilities	54,299	36.2	58,408	38.1	57,002	37.5	50,021	34.0	46,737	31.1
Common stock	6,180		6,205		6,214		6,214		6,214	
Capital surplus reserves	6,874		6,900		6,908		6,908		6,908	
Appropriated retained earnings	82,663		83,735		83,892		90,551		91,844	
Unrealized holding gains on securities	-		1,289		474		293		1,426	
Foreign currency translation adjustments	-		-3,255		-2,382		-3,566		-2,853	
Treasury stock	-50		-41		-5		-3,276		-40	
Total shareholders' equity	95,669	63.8	94,834	61.9	95,101	62.5	97,125	66.0	103,499	68.9
Total liabilities and shareholders' equity	149,968	100.0	153,242	100.0	152,103	100.0	147,147	100.0	150,237	100.0

[Major variances between March 31, 2003 and March 31, 2004]

Current portion of convertible bonds: The convertible bonds were redeemed on September 30, 2003.

Long-term debt: Borrowed 10,000 million yen to fund the redemption of convertible bonds.

Treasury stock: Retired treasury stock at cost of 3,239 million yen as the company had no future plans to utilize it.

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004
. Cash flows from operating activities:					
Income before income taxes	14,422	15,520	12,678	9,947	13,774
Depreciation and amortization	5,725	5,683	5,333	4,311	4,521
Increase/decrease in allowance for retirement and severance benefits	1,616	-330	97	132	43
Interest and dividends income	-565	-579	-304	-268	-239
Insurance due date amount receivables	-	-	-	-	-1,712
Interest expenses	461	430	465	480	365
Increase/decrease in trade receivables	-2,351	-8,372	1,804	6,965	-315
Increase/decrease in inventories	-2,197	-765	-183	647	1,342
Increase/decrease in trade accounts payable	-842	1,812	-2,137	660	-440
Other, net	2,241	1,525	-2,509	-753	1,422
Subtotal	18,510	14,928	15,244	22,122	18,761
Interest and dividends income received	526	529	227	140	232
Interest expenses paid	-461	-406	-464	-458	-328
Proceeds from insurance due date amount receivables	-	-	-	-	3,003
Income taxes paid	-9,202	-8,219	-8,065	-5,996	-453
Income taxes received	-	-	-	-	1,980
Net cash provided by operating activities	9,372	6,831	6,941	15,807	23,196
. Cash flows from investing activities:					
Increase in fixed deposits	-3,871	-2,418	-2,840	-1,251	-622
Decrease in fixed deposits	6,075	1,603	1,697	1,810	915
Payments for acquisition of marketable securities	-5,074	-1,002	-0	-4,000	-6,399
Proceeds from sale of marketable securities	8,447	2,263	200	3,043	10,604
Payments for acquisition of fixed assets	-2,510	-4,942	-6,585	-7,045	-3,225
Proceeds from sale of fixed assets	-	-	-	-	3,770
Payments for investments in securities	-2,528	-707	-267	-3,703	-510
Proceeds from investments in securities	1,610	1,976	856	472	1,073
Payment for acquisition of shares of subsidiaries due to change in consolidation	-	-	-537	-	-
Other, net	-1,312	56	1,101	723	-359
Net cash provided by investing activities	835	-3,172	-6,373	-9,951	5,246
. Cash flows from financing activities:					
Increase/decrease in short-term debt	-2,000	-	-	-	-
Increase in long-term debt	-	-	-	-	10,000
Repayment of long-term debt	-648	-654	-624	-1,420	-416
Repayment of Convertible Bonds	-	-	-	-	-19,945
Purchases of treasury stock	-204	-5,293	-3,313	-3,273	-3
Proceeds from sale of treasury stock	185	212	90	-	0
Cash dividends paid	-1,140	-1,520	-1,854	-1,812	-1,758
Other, net	-9	62	17	-	-
Net cash provided by financing activities	-3,817	-7,192	-5,683	-6,507	-12,122
. Effect of exchange rate changes on cash and cash equivalents	-237	360	176	84	49
V. Net increase/decrease in cash and cash equivalents	6,154	-3,172	-4,939	-566	16,369
VI. Cash and cash equivalents, beginning of year	27,573	33,727	30,555	25,619	25,053
VII. Effect from consolidating subsidiaries previously unconsolidated on cash and cash equivalents	-	-	4	-	-
VIII. Cash and cash equivalents, end of year	33,727	30,555	25,619	25,053	41,422

Capital expenditures and number of employees

Capital expenditures*

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	2005 Estimate
Consolidated	2,222	3,039	8,516	4,134	2,871	2,890
Non-consolidated	1,533	2,396	7,507	3,820	2,291	2,190

*Includes investment in manufacturing facilities to be spent on a lease contract basis.

[Major items]

- Extension of the Shiga Plant and Noto Plant to improve manufacturing process.

Depreciation and amortization

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	2005 Estimate
Manufacturing cost	2,282	2,009	1,783	1,549	1,626	1,670
Selling, general and administrative expense	788	791	829	699	746	600
R&D expenses	861	1,345	1,190	1,224	1,499	1,520
Others	114	189	34	164	40	20
Consolidated	4,045	4,336	3,837	3,638	3,914	3,830
Non-consolidated	3,776	3,961	3,347	2,967	3,219	3,360

Lease expenses

(Millions of yen)

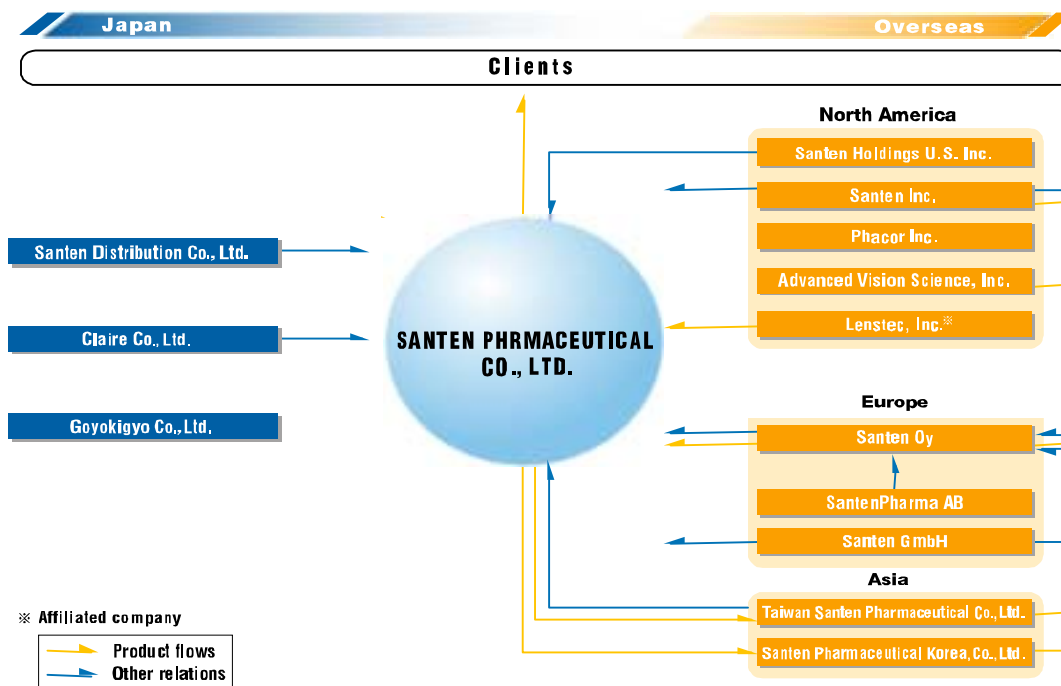
Year ended March 31	2000	2001	2002	2003	2004	2005 Estimate
Consolidated total	2,259	2,302	1,879	675	784	1,070
Manufacturing cost	2,223	2,232	1,817	588	656	910
Non-consolidated	2,259	2,302	1,879	675	784	1,070

Number of employees

Year ended March 31	2000	2001	2002	2003	2004
Consolidated	2,093	2,167	2,463	2,500	2,335
Non-consolidated	1,582	1,592	1,702	1,740	1,694

Affiliated companies

Santen group



Consolidate subsidiaries [Domestic]

Santen Distribution Co., Ltd.					
Main business	Distribution and warehousing of pharmaceutical products				
Location	Osaka, Japan	Paid-in capital	30 million yen	Equity owned	100%

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

Goyokigyo Co., Ltd.					
Main business	Real estate				
Location	Osaka, Japan	Paid-in capital	90 million yen	Equity owned	100%

[Overseas]

Santen Holdings U.S., Inc.					
Main business	Holding company for North American business and business development				
Location	California, U.S.A.	Paid-in capital	32,784 thousand US\$	Equity owned	100%

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

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

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

Santen Oy					
Main business	Development, manufacture, sale and contract manufacturing of pharmaceuticals				
Location	Tampere, Finland	Paid-in capital	8,000 thousand euros	Equity owned	100%

SantenPharma AB					
Principal activities	Sales support of pharmaceuticals				
Location	Stockholm, Sweden	Paid-in capital	500 thousand S.KR	Equity owned	100%

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

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

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

Note: Santen Pharmaceutical Co., Ltd. has one affiliated company but does not have any affiliated companies accounted for by the equity method.

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

Non-consolidated Information

Non-consolidated income statements

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Net sales	79,669	84,295	82,990	82,372	80,227	-2.6
Cost of sales	29,946	30,996	29,829	28,901	27,653	-4.3
(Percentage of net sales)	37.6%	36.8%	35.9%	35.1%	34.5%	
Gross profit	49,722	53,298	53,161	53,471	52,573	-1.7
(Percentage of net sales)	62.4%	63.2%	64.1%	64.9%	65.5%	
Selling, general and administrative expenses	32,125	34,586	37,575	36,141	35,103	-2.9
(Percentage of net sales)	40.3%	41.0%	45.3%	43.9%	43.7%	
R&D expenses	9,863	10,936	12,809	12,109	12,023	-0.7
(Percentage of net sales)	12.3%	12.9%	15.4%	14.7%	15.0%	
Operating income	17,596	18,712	15,586	17,329	17,469	0.8
(Percentage of net sales)	22.1%	22.2%	18.8%	21.0%	21.8%	
Non-operating income	1,017	1,114	932	719	2,651	268.3
Non-operating expense	905	753	458	1,037	1,439	38.7
Ordinary income	17,708	19,072	16,060	17,011	18,680	9.8
(Percentage of net sales)	22.2%	22.6%	19.3%	20.7%	23.3%	
Extraordinary gain	42	57	952	16	682	4,015.4
Extraordinary loss	3,222	1,433	263	14,728	5,058	-65.7
Income before income taxes	14,528	17,697	16,749	2,299	14,305	522.1
(Percentage of net sales)	18.2%	21.0%	20.2%	2.8%	17.8%	
Income taxes: current	7,966	8,644	6,515	442	8,662	1,856.7
deferred	-1,750	-1,112	300	985	-1,533	-255.6
Net income	8,312	10,165	9,932	871	7,176	723.6
(Percentage of net sales)	10.4%	12.1%	12.0%	1.1%	8.9%	

Selling, general and administrative expenses

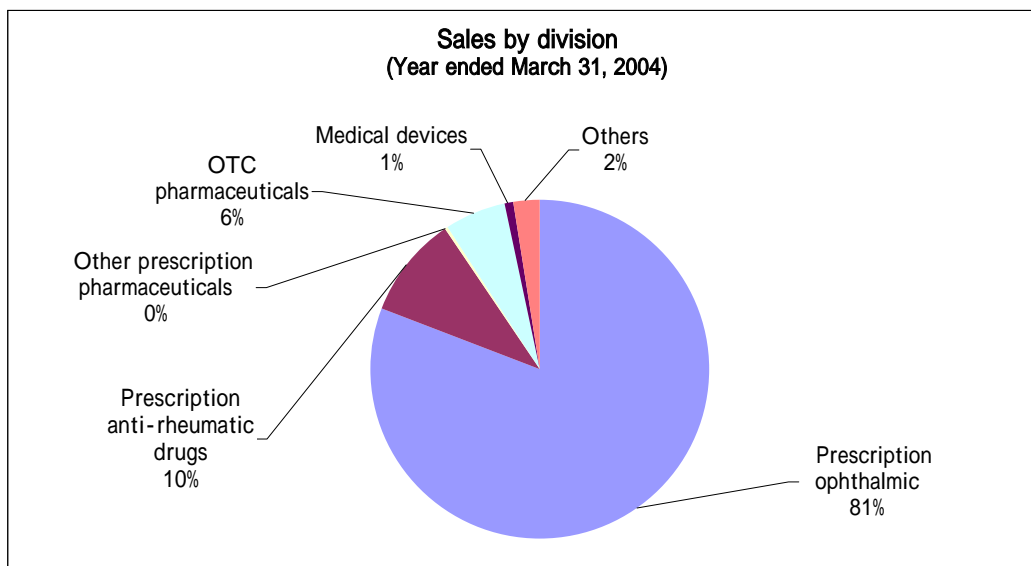
(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Personnel expenses	8,322	8,237	8,626	8,746	8,432	-3.6
Sales promotion expenses	2,269	2,533	2,676	2,399	2,212	-7.8
Royalty expenses	2,174	2,527	2,358	1,951	1,943	-0.4
Advertising expenses	2,001	1,364	1,869	1,655	1,542	-6.8
R&D expenses	9,863	10,936	12,809	12,109	12,023	-0.7

Sales by division

(Millions of yen)

Year ended March 31	2000	2001	2002	2003	2004	% Change 2004/2003
Prescription pharmaceuticals	71,008	76,576	74,221	74,130	72,781	-1.8
Ophthalmic	63,618	69,152	66,379	66,207	64,749	-2.2
Anti-rheumatic drugs	6,305	6,729	7,291	7,631	7,969	4.4
Other prescription pharmaceuticals	1,084	694	551	291	62	-78.5
OTC pharmaceuticals	6,964	5,255	6,592	5,656	4,672	-17.4
Medical devices	1,017	1,144	842	855	877	2.6
Others	678	1,318	1,334	1,730	1,896	9.6
Total net sales	79,669	84,295	82,990	82,372	80,227	-2.6



Non-consolidated balance sheets

Assets		(Millions of yen)									
March 31	2000		2001		2002		2003		2004		
		%		%		%		%		%	
Current assets	75,602	50.6	82,645	52.5	78,800	49.7	75,794	51.3	84,293	56.1	
Cash and deposits	26,241		24,310		19,594		18,353		28,577		
Notes receivable and accounts receivable	31,186		39,937		37,852		31,300		30,874		
Income taxes receivable	-		-		-		2,114		-		
Marketable securities	4,876		2,984		4,797		7,745		9,303		
Treasury stock	50		41		-		-		-		
Inventories	10,445		11,096		10,997		10,348		8,860		
Deferred tax assets	1,379		2,276		1,859		1,138		2,298		
Other	1,569		2,093		3,765		4,934		4,657		
Allowance for doubtful receivables	-146		-94		-66		-141		-258		
Fixed assets	73,732	49.4	74,687	47.5	79,656	50.3	72,075	48.7	65,946	43.9	
Tangible assets	34,078	22.8	32,844	20.9	37,539	23.7	36,304	24.5	32,660	21.7	
Buildings and structures	19,237		17,511		16,040		17,887		18,289		
Machinery, equipment and vehicles	1,745		1,235		965		857		805		
Tools, furnitures and fixtures	2,192		1,926		1,724		1,932		1,875		
Land	10,742		10,666		10,666		10,666		10,343		
Construction in progress	160		1,503		8,142		4,959		1,346		
Intangible assets	4,350	2.9	3,973	2.5	3,446	2.2	3,129	2.1	2,700	1.8	
Patents	1,191		1,039		887		736		584		
Trademarks	1,203		1,081		962		839		717		
Goodwill	1,177		934		692		449		206		
Software	673		543		797		719		1,111		
Other intangible assets	103		373		106		384		80		
Investments and other assets	35,304	23.7	37,869	24.1	38,670	24.4	32,641	22.1	30,585	20.4	
Investment securities	9,912		13,419		9,991		10,819		11,425		
Investments in subsidiaries and affiliates	14,303		14,455		15,567		4,618		13,201		
Long-term loans	1,261		1,051		4,671		9,346		1		
Long-term deferred tax assets	2,197		1,479		2,185		2,052		1,669		
Others	7,629		7,464		6,253		5,803		4,288		
Total assets	149,335	100.0	157,332	100.0	158,456	100.0	147,869	100.0	150,240	100.0	

[Major variances between March 31, 2003 and March 31, 2004]

Cash, deposits and Marketable securities:	Due to an increase in income before income taxes and the receipt of the sales of manufacturing facilities to a lease company.
Corporate income tax receivables:	Decreased due to the receipt of income tax receivable.
Inventories:	Due to a decrease in product inventory.
Construction in progress:	Decreased due to the transfer of Shiga Plant manufacturing facilities (1,436 million yen) to leasing contract and Shiga Plant facilities No.2 construction (1,458 million yen) to buildings and structures.
Investment securities:	Increased in rise of market value on stock prices.
Investments in subsidiaries and affiliates/Long-term loans:	Due to the transfer of 7,231 million yen from loans in subsidiaries into investments in subsidiaries.

Liabilities and shareholders' equity

(Millions of yen)

March 31	2000		2001		2002		2003		2004	
		%		%		%		%		%
Current liabilities	21,268	14.2	25,870	16.5	24,094	15.2	38,055	25.7	24,337	16.2
Accounts payable	4,711		6,452		4,335		5,122		4,436	
Current portion of convertible bonds	-		-		-		19,945		-	
Current portion of long-term debt	640		624		1,416		416		416	
Other payables	8,298		10,556		11,242		9,449		8,228	
Corporate income taxes receivable	3,741		4,597		3,412		-		8,075	
Consumption taxes payable	470		573		478		275		556	
Reserves	2,855		2,858		2,886		2,609		2,458	
Others	489		207		323		237		165	
Noncurrent liabilities	32,204	21.6	30,735	19.5	29,654	18.7	9,530	6.5	19,102	12.7
Convertible bonds	19,945		19,945		19,945		-		-	
Long-term debt	5,142		4,518		3,102		2,686		12,270	
Other payables - long-term	389		30		-		-		-	
Reserve for retirement benefit	5,599		-		-		-		-	
Reserve for retirement benefit	-		5,290		5,580		5,724		5,744	
Other noncurrent liabilities	1,127		951		1,026		1,120		1,088	
Total liabilities	53,472	35.8	56,605	36.0	53,749	33.9	47,586	32.2	43,440	28.9
Common stock	6,180	4.1	6,205	4.0	6,214	3.9	6,214	4.2	6,214	4.1
Capital surplus reserves	6,874	4.6	6,900	4.3	6,908	4.4	6,908	4.6	6,908	4.6
Additional paid-in capital	6,874		6,900		6,908		6,908		6,908	
Other capital surplus reserves	-		-		-		-		0	
Appropriated retained earnings	82,808	55.5	86,331	54.9	91,115	57.5	90,143	61.0	92,291	61.4
Earnings reserve	1,316		1,473		1,551		1,551		1,551	
Reserve for retirement benefit	372		372		372		372		372	
Special depreciation reserve	295		287		250		180		325	
General reserve	72,409		79,409		82,109		84,109		84,109	
Unappropriated retained earnings	8,414		4,789		6,833		3,930		5,933	
Unrealized holding gains on securities	-	-	1,289	0.8	474	0.3	293	0.2	1,426	0.9
Treasury stock	-	-	-	-	-5	-0.0	-3,276	-2.2	-40	-0.0
Total shareholders' equity	95,863	64.2	100,727	64.0	104,706	66.1	100,283	67.8	106,800	71.1
Total liabilities and shareholders' equity	149,335	100.0	157,332	100.0	158,456	100.0	147,869	100.0	150,240	100.0

[Major variances between March 31, 2003 and March 31, 2004]
Current portion of convertible bonds:

The convertible bonds were redeemed on September 30, 2003.

Other payable:

Due to a decrease in advertising expenses and fixed assets.

Long-term loans:

Borrowed 10,000 million yen to fund the redemption of convertible bonds.

Treasury stock:

Retired treasury stock at cost of 3,239 million as the company had no future plans to utilize it.

Reference information

Research & development

Pipeline of prescription pharmaceuticals (Clinical study)

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

Characteristics: Fluoroquinolone antibacterial agent. In Europe, Ofraqix has obtained marketing authorization in 11 countries and was launched in five countries including Germany. Iquix is a higher-concentrated fluoroquinolone with potent antibacterial action. Levofloxacin + prednisolone A is a combination treatment with steroids.

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

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

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Sodium hyaluronate	Hyalein Hyalein	Corneal and conjunctival epithelial disorder Dry eye	Original	Japan						Jun-95
				USA					In Preparation	

Characteristics: Ophthalmic solution containing sodium hyaluronate. Treats corneal and conjunctival epithelial disorder associated with dry eye and wearing contact lenses.

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

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

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

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

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

Characteristics: The only angiotensin II receptor antagonist in full-fledged development as a glaucoma treatment. Comparable to prostaglandin-based treatments in reducing intraocular pressure. Very few side effects, including conjunctival hyperemia, are expected. Potentially big market in the U.S. and Europe where patients with ocular-hypertension consist majority of the glaucoma

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

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

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

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

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

Characteristics: An oral TNF inhibitor. Anti-rheumatic effect comparable to injectable biological agents has been observed in basic research.

Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

Generic name	Brand name/dev. code	Indication	Original/licensor
Gefarnate	DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Original
Characteristics: Treats corneal and conjunctival epithelial disorder mostly associated with dry eye by stimulating the secretion of mucin and promoting the corneal epithelial migration. Preservative-free eye ointment that can be used in combination with existing drugs.			
Generic name	Brand name/dev. code	Indication	Original/licensor
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Centocor
Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established, and drug development is being studied.			
Generic name	Brand name/dev. code	Indication	Original/in-licensor
Bucillamine	Rimatil	Osteoarthritis (additional indication)	Original

Pipeline of medical devices

Product under development	Product name	Region
Intraocular lens	MD-13	Japan
Characteristics: Foldable intraocular lens using new material. Already launched in Europe by Lenstec and STAAR Surgical.		
Product under development	Product name	Region
Intraocular lens	MD-14	Japan and USA
Characteristics: Foldable intraocular lens using new material with high refractive index. Developed by U.S. subsidiary Advanced Vision Science, Inc.		

Changes from November 5, 2003

Brand name/dev. code	Indication	Region	Status change
Iquix	Bacterial corneal ulcer	USA	NDA filed to Launched
Tafluprost/DE-085	Glaucoma/ocular hypertension	Japan and USA/Europe	Phase II to Phase III
Olmesartan/DE-092	Glaucoma/ocular hypertension	USA/Europe	In preparation of phase II
Gefarnate/DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Japan	In preparation for clinical trials

Number of employees in R&D divisions

Year to	2000.3	2001.3	2002.3	2003.3	2004.3
R&D personnel (consolidated)	370	404	482	485	455

Pharmaceutical market

Revision of National Health Insurance (NHI) drug prices

(%)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Industry average	-8.1	-	-6.6	-	-6.8	-4.4	-9.7	-	-7.0	-	-6.3	-	-4.2
Ophthalmic drugs	-0.6	-	-1.6	-	-3.5	-1.8	-7.5	-	-6.2	-	-6.0	-	-2.7
Santen	0.9	-	-0.4	-	-2.6	-1.3	-7.2	-	-5.7	-	-6.0	-	-3.2

(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.

Major healthcare reforms

	1997	Enforcement of the Revised Health Insurance System Law. Increased contribution for insured employees (10% to 20%) Revision of the Insurance Law for Seniors Contribution: 500 yen/day for out-patients (up to four times a month) and 1,000 yen/day for in-patients
	2001	Revision of the Insurance Law for Seniors Contribution: fixed rate of 10% for out-patients and in-patients
April	2002	Reimbursed consulting fee for physicians were reduced by 2.7% on average Revision of prescription fee (two points are added for every prescription of generic drugs)
October	2002	Increased contribution for seniors (fixed amount system was abolished for a uniform fixed rate system of 10% contribution)
April	2003	Increased contribution for insured employees (20% to 30%)

Market shares

(Billions of yen)

Year ended March 31	2000	2001	2002	2003	2004
Prescription ophthalmics	44.2%	42.9%	40.3%	38.9%	39.0%
	179.6	189.4	197.1	195.8	194.7
Anti-rheumatic drugs	42.9%	44.9%	42.8%	42.1%	42.5%
	18.2	19.1	20.3	21.1	22.2

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

Period: 1999-2003; Unauthorized copy prohibited

Market shares by therapeutic area - ophthalmic pharmaceuticals

(Billions of yen)

Year ended March 31	2000	2001	2002	2003	2004
Anti-glaucoma	22.4%	19.1%	17.6%	17.3%	16.7%
	55.3	60.2	66.1	69.0	71.7
Anti-infective	77.4%	80.8%	81.8%	80.9%	81.0%
	31.0	31.0	30.2	27.6	26.9
Anti-allergy	31.5%	29.2%	18.2%	17.5%	20.7%
	22.9	26.8	26.5	25.0	20.8
Agents for surgeries	42.4%	41.9%	41.0%	39.6%	39.1%
	17.7	16.0	16.0	14.8	14.5
Corneal disease treatments	89.9%	89.3%	89.0%	85.4%	82.4%
	13.9	15.3	17.2	18.8	21.0
Anti-cataract	43.5%	47.0%	50.1%	53.3%	55.4%
	8.0	7.9	7.7	7.7	7.1
Corticosteroids	55.9%	56.2%	56.0%	53.1%	51.6%
	12.5	12.7	12.5	11.4	10.9

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data

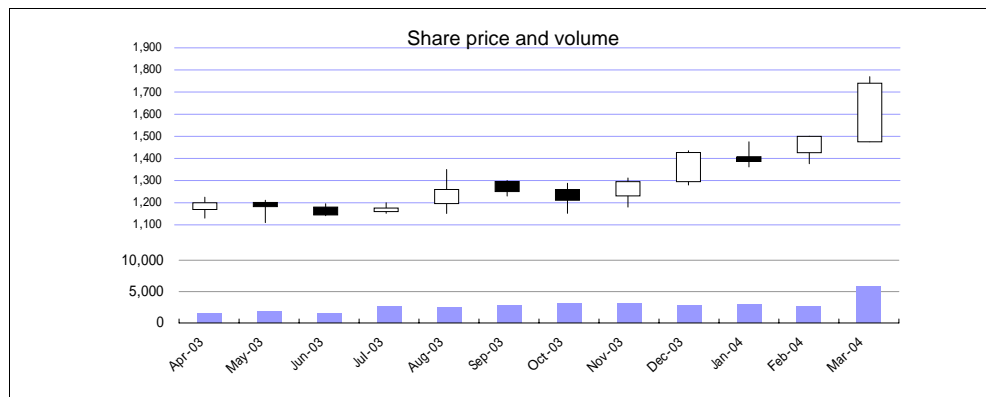
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Stock information

Share price

(Yen and thousand shares)

	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04
Share price:												
Open	1,169	1,201	1,180	1,160	1,196	1,296	1,260	1,231	1,295	1,408	1,426	1,475
High	1,225	1,211	1,195	1,200	1,350	1,300	1,288	1,312	1,435	1,475	1,501	1,770
Low	1,130	1,110	1,141	1,152	1,151	1,230	1,152	1,180	1,280	1,362	1,376	1,475
End of month	1,200	1,182	1,145	1,176	1,260	1,250	1,211	1,295	1,427	1,386	1,500	1,740
Volume	1,633	1,950	1,545	2,636	2,574	2,774	3,182	3,154	2,886	3,026	2,675	5,930



Major shareholders

As of March 31, 2004

Name	Number of shares Held	Percentage of voting rights
	Thousand shares	%
Northern Trust Company AVFC Sub-account American Clients	11,746	13.4
Japan Trustee Service Bank, Ltd.	5,568	6.3
Japan master Trust and Banking Co., Ltd.	4,807	5.5
Mita Sangyo Co., Ltd.	4,756	5.4
Nippon Life Insurance Company	3,051	3.5
The Tokio Marine and Fire Insurance Co., Ltd.	2,668	3.0
UFJ Bank Limited	2,358	2.7
The Bank of Tokyo-Mitsubishi, Ltd.	2,358	2.7
Trust and Custody Services Bank, Ltd.	2,077	2.4
Royal Trust Corporation of Canada, London-Lending Account	1,691	1.9

Shares, convertible bonds and stock option

Year ended March 31	2000	2001	2002	2003	2004
Number of shares outstanding (thousand shares)	95,074	92,720	90,704	90,704	87,963
Third Unsecured Convertible Bonds -balance (millions of yen)	19,945	19,945	19,945	19,945	-
Stock option balance (thousand shares)	172	199	243	335	472.6
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	106	73	62	62	62
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66	66	66	66	66
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	-	60	60	60	60
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	-	-	55	55	55
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	-	-	-	92	92
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	-	-	-	-	137.6

Note: 1 The company repurchased and retired 2,387 thousand shares in March 2001, 2,027 thousand shares in March 2002 and 2,741 thousand shares in March 2004.

2 The convertible bonds were redeemed on September 30, 2003.

3 The company has a stock-based compensation plans under which stock options are granted to directors and corporate officers. The grants are fully exercisable after two years.

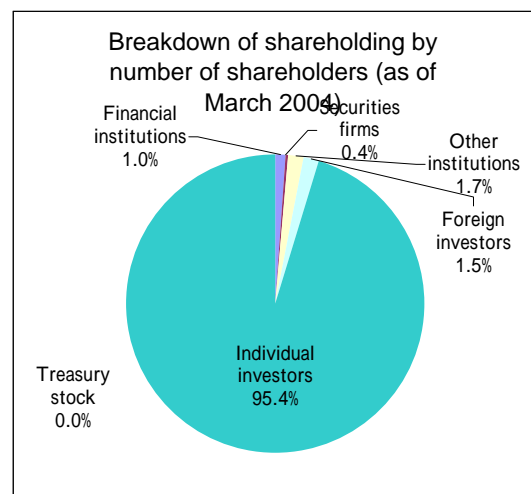
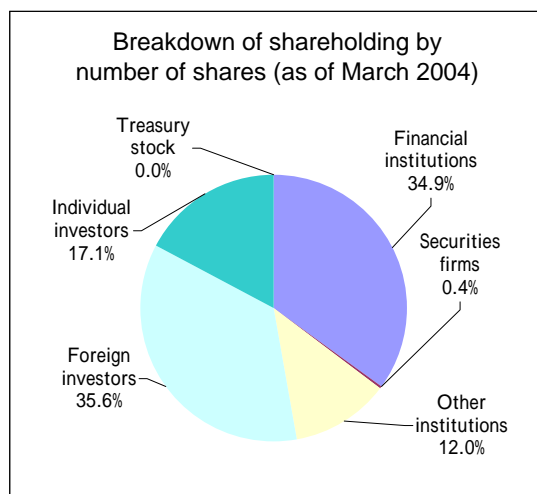
Breakdown of shareholding by number of shares

Year ended March 31	2000		2001		2002		2003		2004	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	50,099	52.7	52,429	56.5	41,005	45.2	36,302	40.0	30,740	34.9
City & regional banks	14,862	15.6	11,581	12.5	9,054	9.9	6,660	7.3	5,428	6.2
Trust banks	24,853	26.2	29,651	32.0	20,641	22.8	19,018	21.0	16,201	18.4
(concerned in trust works)	22,055		26,824		18,429		15,743		13,422	
Life and non-life insurance	10,255	10.8	11,136	12.0	11,033	12.2	10,414	11.5	9,007	10.2
Other financial institutions	128	0.1	61	0.1	276	0.3	208	0.2	103	0.1
Securities firms	499	0.5	385	0.5	646	0.7	293	0.3	368	0.4
Other institutions	11,497	12.1	10,398	11.2	10,300	11.4	10,555	11.6	10,512	12.0
Foreign investors	18,041	19.0	15,868	17.1	23,675	26.1	24,580	27.1	31,306	35.6
Individual investors	14,915	15.7	13,624	14.7	15,073	16.6	16,200	17.9	15,001	17.1
Treasury stock	23	0.0	18	0.0	2	0.0	2,771	3.1	33	0.0
Total	95,075	100.0	92,721	100.0	90,704	100.0	90,704	100.0	87,963	100.0

Note: Trading unit for Santen shares were reduced to 100 shares from 1,000 shares effective August 1, 2002

Breakdown of shareholding by number of shareholders

Year ended March 31	2000		2001		2002		2003		2004	
	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)
Financial institutions	114	2.2	108	2.2	107	1.8	98	1.2	83	1.0
City & regional banks	15	0.3	15	0.3	13	0.2	8	0.1	7	0.1
Trust banks	60	1.2	57	1.2	60	1.0	55	0.7	46	0.6
Life and non-life insurance	33	0.6	32	0.6	28	0.5	29	0.4	27	0.3
Other financial institutions	6	0.1	4	0.1	6	0.1	6	0.1	3	0.0
Securities firms	20	0.4	22	0.5	35	0.6	28	0.4	28	0.4
Other institutions	140	2.7	132	2.7	137	2.3	134	1.7	130	1.7
Foreign investors	168	3.3	162	3.4	148	2.4	119	1.5	122	1.5
Individual investors	4,679	91.3	4,387	91.2	5,583	92.9	7,493	95.2	7,498	95.4
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	5,122	100.0	4,812	100.0	6,011	100.0	7,873	100.0	7,862	100.0



News releases

News releases during April 2003-March 2004

For details, please refer to our Investor Relations Web site (<http://www.santen.co.jp/ir/en/news>).

- | (Date) | (Summary) |
|---------------|---|
| 8-Apr | Santen Appoints Actor Tetsuji Tamayama as the Latest Spokesperson for <i>Sante FX Neo</i>
Santen appointed actor Tetsuji Tamayama as the latest spokesperson for its over-the-counter eye drop brand <i>Sante FX Neo</i> and began new TV commercials featuring Tamayama. |
| 2-May | "Hitomi Gakuen" Internet Site Enhanced
Santen added information on back-of-the-eye diseases to "Hitomi Gakuen," its Internet educational site for patients. The site now covers all areas of ophthalmology. |
| 6-May | Santen Submits New Drug Application to FDA for Levofloxacin 1.5%
Santen submitted a new drug application (NDA) to the U.S. Food and Drug Administration (FDA) for levofloxacin 1.5% on April 30. Levofloxacin 1.5% is a higher concentration formulation of Santen's anti-infective ophthalmic <i>Quixin</i> (Brand name in Japan: <i>Cravit</i>). |
| 9-May | Santen to Issue Stock Acquisition Rights for the Purpose of Granting Stock Options
Santen's Board of Directors adopted a resolution to issue stock acquisition rights for the purpose of granting stock options to Santen's directors, corporate officers and directors of major overseas subsidiaries. The resolution was approved at the 91st Annual General Meeting of Shareholders held on June 26. |
| 9-May | Change of Accounting Auditors
The division of Shin Nihon & Co. that has been responsible for auditing Santen's financial

substantially maintain Santen's current auditing structure, Santen appointed AZSA & Co. as its new accounting auditor. |
| 9-May |
Santen's Board of Directors resolved to shorten the office term of directors from two years to one and appoint Dr. Kosei Furukawa as the Outside Director. The resolution was approved at the 91st Annual General Meeting of Shareholders held on June 26. |
| 9-May | Notice Regarding Share Buyback
Santen's Board of Directors resolved the buyback of its common stock with par value up to 4,000,000 shares and 5,000 million yen. This was approved in the 91st Annual General Meeting of Shareholders held on June 26, 2002. |
| 11-Aug | Treatment, Ciclosporin Ophthalmic Solution
Santen applied for manufacturing approval for its vernal keratoconjunctivitis treatment, ciclosporin ophthalmic solution (generic name) in Japan on August 8. The drug is expected to treat advanced |
| 28-Aug | Santen Establishes Helpline of Compliance Practice
As part of Santen's effort in strengthening corporate governance, Santen established a helpline for its |
| 5-Sep | Santen Announces Closure of its U.S. Subsidiary, Phacor Inc.
Santen decided not to invest further in Phacor Inc., its U.S. subsidiary specializing in the research and development of phacoemulsification machines. |

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- | (Date) | (Summary) |
|---------------|---|
| 18-Sep | Santen Establishes the SAIN Sales Force Automation System
In order to more effectively share information and raise the quality and efficiency of medical representative (MR)'s activities, Santen implemented a Sales Force Automation system for MRs and named it SAIN (Santen Activity Improved Navigator). |
| 18-Dec | Prescription Ophthalmic Products
Santen announced a U.S. distribution and supply agreement with Johnson & Johnson Vision Care, Inc. (JJVCI) for three prescription ophthalmic pharmaceutical agents. During first quarter 2004, JJVCI will become the exclusive U.S. distributor for the following Santen products: QUIXIN®

(pemirolast potassium ophthalmic solution). |
| 22-Dec | Santen Reorganizes Domestic Sales Operation
Santen introduced the "Satellite Office System" and the "Centralized Sales Administration System" for its Japanese sales operation. The reorganization was implemented as a means to achieve the objectives set in the 2003-2005 Medium-term Management Plan to "Improve Profitability" and "Reinforce Organizational Strength." |
| 2-Mar | Condition
The U.S. Food and Drug Administration (FDA) has approved Santen's new ocular anti-infective medication, IQUIX (levofloxacin ophthalmic solution) 1.5%, indicated for the treatment of bacterial |
| 10-Mar | Revision of Performance Forecast
As a result of evaluating the fair market value of a U.S. subsidiary, Santen Holdings U.S. Inc. (SHUSI), Santen will write down SHUSI's shares and record an extraordinary loss of 3,000 million yen on the write down. Accordingly, Santen reduced the company forecast of its non-consolidated |
| 10-Mar | Santen to Retire Treasury Stock
On March 16, Santen retired the 2,741,000 shares of its common stock, which it had repurchased on |
| 10-Mar | Santen Announces Proposed Dividends Change
Santen has now decided to place greater importance on cash dividends as a means of returning profits to shareholders and thus plans to increase the annual cash dividends to 40 yen. The resolution will be submitted for, and subject to, approval at the company's Annual General Meeting of Shareholders to be held in June 2004. |