



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2005

Year Ended March 31, 2005

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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	2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
Net sales	88,448	88,966	90,252	89,857	92,696	3.2	96,100	3.7
Operating income	16,538	11,790	12,697	14,525	18,982	30.7	19,500	2.7
Ordinary income	16,897	12,107	12,899	15,790	18,837	19.3	19,500	3.5
Net income	7,713	5,305	8,502	6,321	11,022	74.4	11,300	2.5
Dividends per share (yen)	20	20	20	40	50	-	50	-
Payout ratio (%)	24.6	34.9	21.4	55.8	39.7	-	-	-

Balance sheets summary

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
Total assets	153,242	152,103	147,147	150,237	139,979	-6.8		
Shareholders' equity	94,834	95,101	97,125	103,499	108,239	4.6		
Interest-bearing debts	25,092	24,466	23,047	12,686	6,883	-45.7		

Financial indexes

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
BPS (yen)	81.32	57.34	93.67	71.65	125.85	75.6	130.46	3.7
EPS (yen)	1,022.99	1,048.51	1,104.21	1,176.83	1,249.32	6.2	-	-
Debt equity ratio (times)	0.26	0.25	0.23	0.12	0.06	-	-	-
PER (times)	27.3	25.3	12.3	24.3	18.3	-	-	-
PBR (times)	2.17	1.38	1.04	1.50	1.84	-	-	-
ROE (%)	8.1	5.6	8.8	6.3	10.4	-	-	-
ROA (%)	5.1	3.5	5.7	4.3	7.6	-	-	-
* Free cash flows (millions of yen)	1,889	356	8,762	19,971	1,713	-91.4	-	-
* EBITDA (millions of yen)	21,633	18,479	14,738	18,660	23,367	25.2	-	-

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

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

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

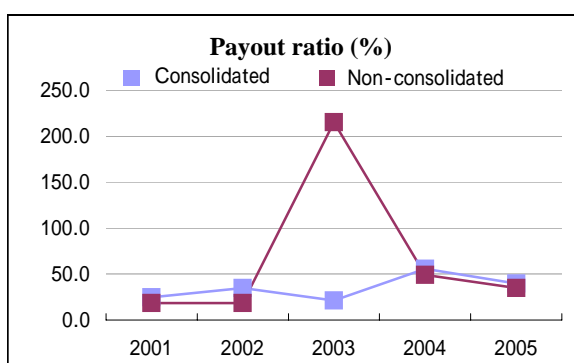
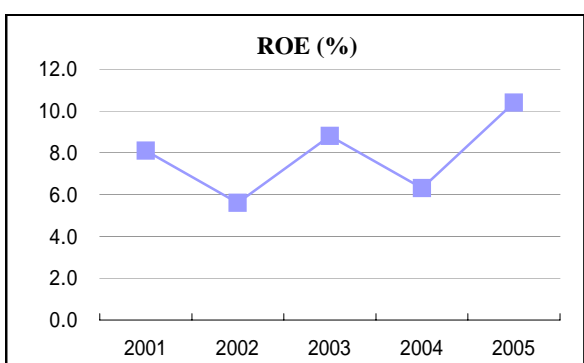
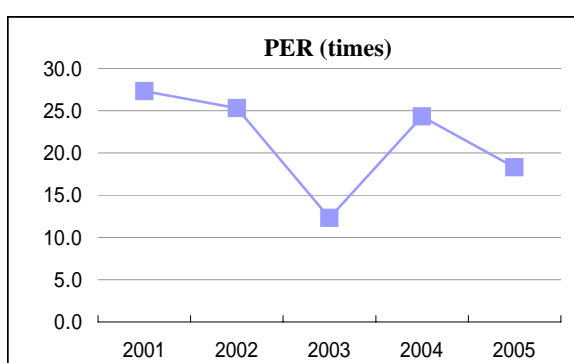
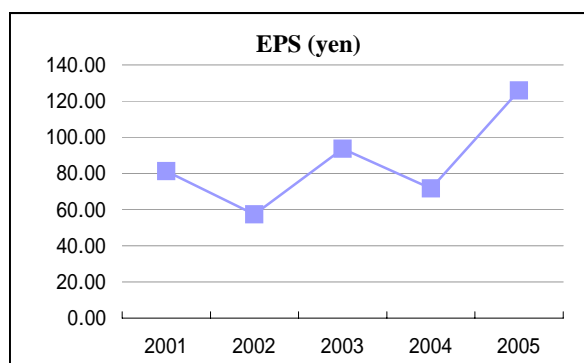
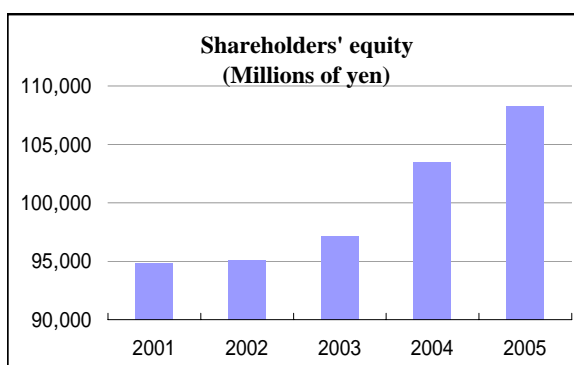
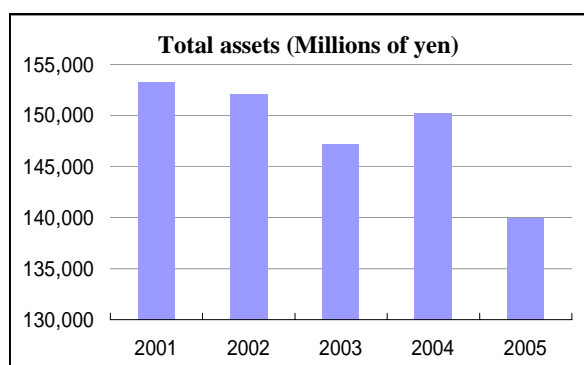
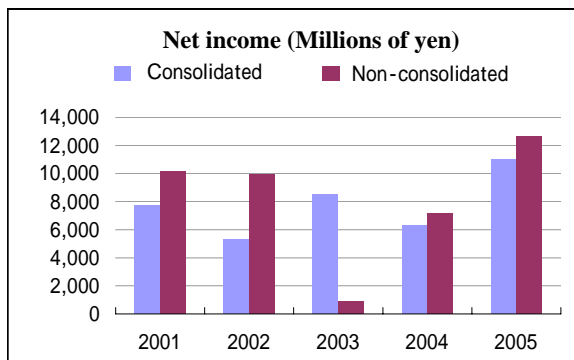
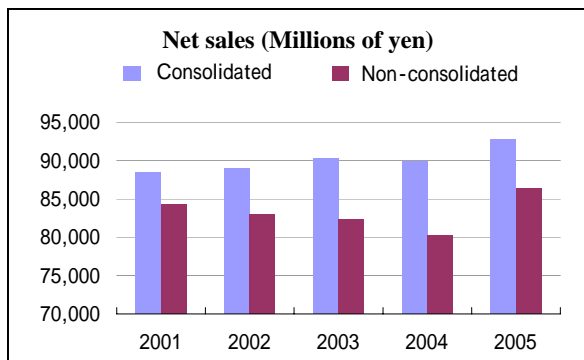
Other figures

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
R&D expenses (millions of yen)	2,001	2,002	2,003	2,004	12,619	6.5	13,300	5.4
Capital expenditures (millions of yen)	10,510	12,186	12,719	11,853	1,674	-41.7	1,870	11.7
Depreciation and amortization (millions of yen)	3,039	8,516	4,134	2,871	3,696	-5.6	3,620	-2.1
Number of employees	4,336	3,837	3,638	3,914	2,308	-	-	-

[Non-consolidated]

Financial summary

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
Net sales (millions of yen)	84,295	82,990	82,372	80,227	86,340	7.6	90,000	4.2
Operating income (millions of yen)	18,712	15,586	17,329	17,469	19,692	12.7	20,200	2.6
Ordinary income (millions of yen)	19,072	16,060	17,011	18,680	20,266	8.5	20,500	1.2
Net income (millions of yen)	10,165	9,932	871	7,176	12,602	75.6	12,700	0.8
Dividends per share (yen)	20	20	20	40	50	-	50	-
Payout ratio (%)	18.5	18.5	215.1	49.0	34.7	-	-	-
Total amount of dividends (millions of yen)	1,877	1,834	1,786	3,517	4,357	-	-	-



Consolidated Information

Consolidated income statements

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Net sales	88,448	88,966	90,252	89,857	92,696	3.2
Cost of sales	33,363	32,699	32,271	31,857	33,709	5.8
(Percentage of net sales)	37.7%	36.8%	35.7%	35.4%	36.4%	
Gross profit	55,085	56,266	57,981	58,000	58,986	1.7
(Percentage of net sales)	62.3%	63.2%	64.3%	64.6%	63.6%	
Selling, general and administrative expenses	38,546	44,475	45,284	43,474	40,003	-8.0
(Percentage to net sales)	43.6%	50.0%	50.2%	48.3%	43.1%	
R&D expenses	10,510	12,186	12,719	11,853	12,619	6.5
(Percentage of net sales)	11.9%	13.7%	14.1%	13.2%	13.6%	
Operating income	16,538	11,790	12,697	14,525	18,982	30.7
(Percentage to net sales)	18.7%	13.2%	14.1%	16.2%	20.5%	
Non-operating income	1,414	1,128	1,269	2,908	803	-72.4
Non-operating expenses	1,055	811	1,066	1,643	948	-42.3
Ordinary income	16,897	12,107	12,899	15,790	18,837	19.3
(Percentage of net sales)	19.1%	13.6%	14.3%	17.6%	20.3%	
Extraordinary gain	57	952	17	682	1,137	66.5
Extraordinary loss	1,434	380	2,969	2,698	1,538	-43.0
Income before income taxes	15,520	12,678	9,947	13,774	18,436	33.8
(Percentage of net sales)	17.5%	14.3%	11.0%	15.3%	19.9%	
Income taxes - current	8,973	6,932	463	8,750	6,446	-26.3
Income taxes - deferred	-1,166	440	981	-1,297	966	-
Net income	7,713	5,305	8,502	6,321	11,022	74.4
(Percentage of sales)	8.7%	6.0%	9.4%	7.0%	11.9%	

Exchange rates

(Yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Exchange rate: US dollar	110.54	125.57	121.87	113.29	107.19	105.00
Euro	100.02	110.07	119.93	132.40	134.64	138.00

Major change in income statements

[Net sales]

[Prescription pharmaceuticals]

Domestic:

Sales increased by 6,027 million yen, or 8.5%, from the corresponding period of the previous year since the impact of fixed-rate co-payments of medical expenses for the elderly and increased copayment for insured workers becoming relatively small and the number of patients was returning to the previous year level, moreover the introduced new product and the heavy scattering of pollen at the end of the term contributed to the sales increase despite the impact of reduction of NHI prices in April 2004.

Overseas:

Sales decreased by 1,791 million yen, or 19.5%, from corresponding period of the previous year due to the change of sales channel from direct sales to indirect sales via the alliance company and the increase of the distribution stock in the U.S.

[OTC pharmaceuticals]

Sales increased by 605 million yen, or 13.0%, from the corresponding period of the previous year due to the increase of sales of eye-drops for allergy by the heavy scattering of pollen and reduction in trade inventory.

[Other]

Sales decreased by 1,843 million yen, or 43.8%, from the corresponding period of the previous year due to the decrease of contract manufacturing in Japan, the U.S. and Europe, respectively.

Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2004/2003
Personnel expenses	0	0	0	0	0	0.0
Sales promotion expenses	10,049	11,919	12,084	11,313	11,109	-1.8
Royalty expenses	3,366	4,014	4,253	4,201	3,057	-27.2
Advertising expenses	2,552	2,457	2,173	2,279	2,113	-7.3
R&D expenses	1,578	2,189	2,218	1,948	1,616	-17.0

Other income and expenses

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Interest and dividend income	0	0	0	0	0	0.0
Interest expenses	578	304	268	239	249	3.8
Amortization expenses of goodwill	-	-	-	-	0	0.0

Extraordinary gain and loss

(Millions of yen)

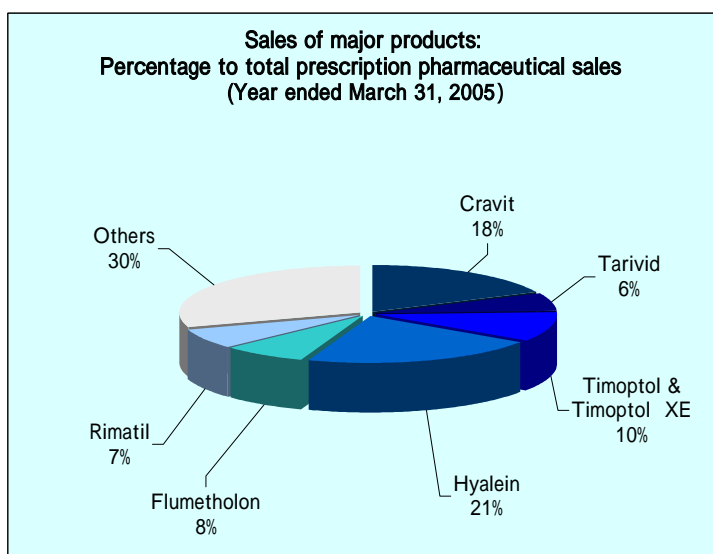
Year ended March 31	2001	2002	2003	2004	2005
Gain on settlement of suit regarding Princeton Bonds	0	0	0	0	0
Gain on sale of fixed assets	-	886	-	-	-
Gain on sale of investment securities	-	19	1	5	340
Gain and loss on change of retirement benefit scheme	-	32	15	675	0
Gain on establishment of retirement benefit trust	-	-	-	-	316
Gain on prior period adjustment	-	-	-	-	210
Loss on valuation of investment securities	-	178	601	200	50
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	-
Restructuring change for U.S. business	-	-	-	386	440
Loss on impairment of fixed assets	-	-	-	376	823

Sales details

Sales of major prescription pharmaceuticals

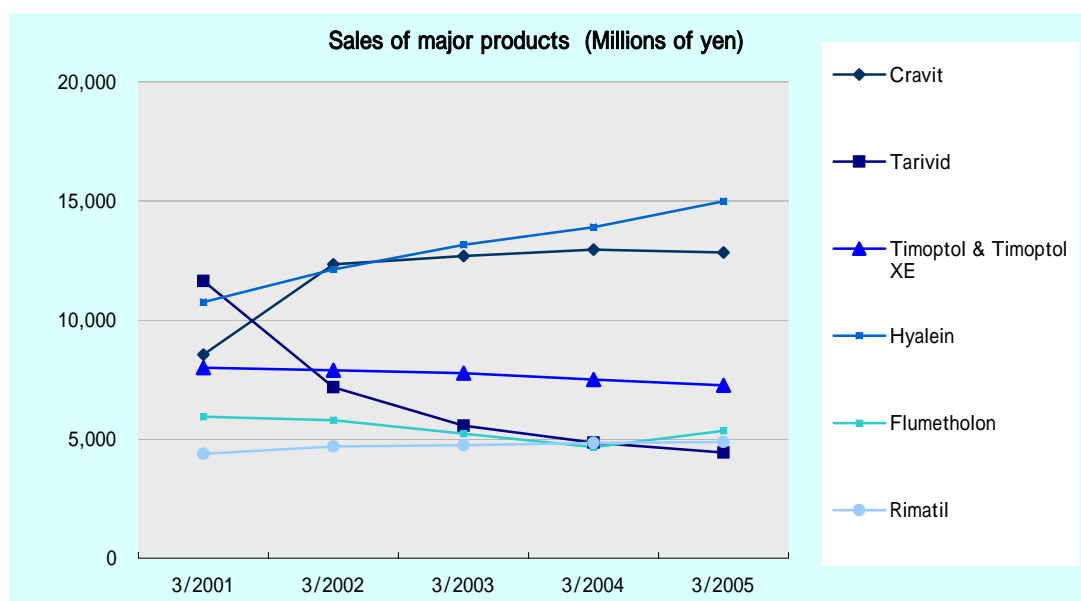
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
Glaucoma	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	dipivefrine hydrochloride	Pivalephrine	Japan	Dec-88
	bunazosin hydrochloride	Detantol	Japan	Sep-01
	Isopropyl Unoprostone	Rescula	Japan	Oct-04
Allergy	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
	pepirolast potassium/ophthalmic solution	Alegysal	Japan	Apr-95
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

Rescula: This product, which was launched in October 1994, is to be sold by Santen Pharmaceutical Co., Ltd. In October 2004.



(Millions of yen)

Year ended March 31					Year ended March 31			Brand name
2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005	
8,543	12,338	12,691	12,957	12,833	-1.0	12,790	-0.3	Cravit
11,639	7,184	5,566	4,847	4,429	-8.6	4,330	-2.2	Tarivid
6,363	5,745	5,289	4,846	4,415	-8.9	4,410	-0.1	Timoptol
1,634	2,145	2,477	2,654	2,837	6.9	2,990	5.4	Timoptol XE
1,135	848	628	472	394	-16.7	320	-18.8	Pivalephrine
-	593	1,498	1,917	2,155	12.4	2,380	10.4	Detantol
-	-	-	-	2,645	-	5,310	100.8	Rescula
1,204	2,225	3,028	2,729	4,917	80.2	4,000	-18.6	Livostin
1,016	865	848	699	954	36.4	830	-13.0	Alegysal
10,758	12,130	13,156	13,893	14,987	7.9	16,520	10.2	Hyalein
5,938	5,792	5,234	4,658	5,354	14.9	4,460	-16.7	Flumetholon
2,909	3,092	3,326	3,295	3,220	-2.3	3,310	2.8	Kary Uni
2,449	2,319	2,305	2,267	2,374	4.7	2,440	2.8	Opegan Hi
2,058	2,010	1,505	1,358	1,274	-6.2	1,250	-1.9	BSS Plus
4,380	4,685	4,751	4,836	4,881	0.9	4,890	0.2	Rimatil
2,349	2,605	2,880	3,132	3,376	7.8	3,510	4.0	Azulfidine EN



Sales for JJVCI

(Millions of yen)

Year ended March 31					Year ended March 31		
2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
-	-	-	-	781	-	690	-11.7

*Prescription ophthalmic pharmaceuticals for U.S.A.(Quixin,Betimol and Alamast)changes a sales transfer in February ,2004.

Sales details

Sales by division

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	78,878	78,149	79,345	80,061	84,298	5.3
Ophthalmic	71,231	70,043	71,122	71,744	75,624	5.4
Anti-rheumatic	6,729	7,291	7,631	7,969	8,353	4.8
Other prescription pharmaceuticals	916	814	591	347	319	-7.9
OTC pharmaceuticals	5,225	6,592	5,656	4,672	5,277	13.0
Medical devices	1,144	916	918	914	754	-17.5
Others	3,170	3,308	4,332	4,209	2,366	-43.8
Total net sales	88,448	88,966	90,252	89,857	92,696	3.2

[Domestic]

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	75,435	72,270	72,010	70,868	76,895	8.5
Ophthalmic	67,919	64,425	64,009	62,717	68,383	9.0
Anti-rheumatic	6,661	7,156	7,537	7,862	8,244	4.9
Other prescription pharmaceuticals	853	688	463	288	267	-7.3
OTC pharmaceuticals	5,207	6,555	5,623	4,657	5,260	13.0
Medical devices	1,143	839	853	877	726	-17.2
Others	966	982	1,245	1,073	562	-47.6
Total net sales	82,753	80,647	79,732	77,477	83,446	7.7
(Percentage of total net sales)	93.6%	90.7%	88.3%	86.2%	90.0%	-

[Overseas]

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	3,443	5,878	7,335	9,193	7,402	-19.5
Ophthalmic	3,312	5,617	7,112	9,027	7,241	-19.8
Anti-rheumatic	67	134	94	106	108	2.3
Other prescription pharmaceuticals	63	126	128	58	52	-11.0
OTC drugs	47	36	32	14	16	12.9
Medical devices	-	76	65	37	27	-25.9
Others	2,204	2,325	3,086	3,135	1,803	-42.5
Total overseas sales	5,695	8,318	10,519	12,380	9,250	-25.3
(Percentage of total net sales)	6.4%	9.3%	11.7%	13.8%	10.0%	-

Breakdown by geographic segment



Breakdown by geographic segment

Year ended March 31		2001		2002		2003		2004		2005	
Net sales by geographic segment	Japan	84,138	95.1	82,623	92.9	81,857	90.7	79,338	88.3	85,837	92.6
	Europe	3,016	3.4	4,844	5.4	6,642	7.4	8,848	9.8	6,374	6.9
	Others	1,293	1.5	1,497	1.7	1,752	1.9	1,671	1.9	484	0.5
	Total	88,448	100.0	88,966	100.0	90,252	100.0	89,857	100.0	92,696	100.0
Operating expenses by geographic segment	Japan	59,951		64,263		61,865		60,004		64,216	
	Europe	6,187		9,327		11,442		12,603		8,148	
	Others	5,848		9,385		10,482		8,255		3,798	
	Total	71,987		82,976		83,790		80,863		76,162	
	Corporate and eliminations	-77		-5,800		-6,234		-5,531		-2,448	
Consolidated total	71,910		77,175		77,555		75,332		73,713		
Operating income by geographic segment	Japan	24,482		18,879		20,652		20,351		22,169	
	Europe	-2,307		-3,384		-3,816		-2,599		-149	
	Others	45		-473		-1,082		-548		-743	
	Total	22,220		15,021		15,753		17,204		21,276	
	Corporate and eliminations	-5,681		-3,230		-3,056		-2,678		-2,294	
Consolidated total	16,538		11,790		12,697		14,525		18,982		

Europe: Finland, Germany and Sweden

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	2001		2002		2003		2004		2005	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe	2,252	39.5	3,009	36.2	3,505	33.3	4,370	35.3	4,794	51.8
North America	2,206	38.8	3,499	42.1	4,649	44.2	5,813	47.0	1,703	18.4
Others	1,237	21.7	1,809	21.7	2,364	22.5	2,196	17.7	2,752	29.8
Total	5,695	100.0	8,318	100.0	10,519	100.0	12,380	100.0	9,250	100.0

Europe: Russia, Finland, Sweden, Germany and Norway

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	2001		2002		2003		2004		2005		
		%		%		%		%		%	
Current assets	88,025	57.4	86,064	56.6	83,431	56.7	91,230	60.7	82,735	59.1	
Cash and deposits	27,293		24,185		23,136		33,629		23,948		
Notes receivable and accounts receivable	40,921		39,415		32,516		32,456		35,625		
Marketable securities	3,189		4,131		7,771		9,303		9,046		
Inventories	11,986		12,371		11,684		10,393		9,826		
Deferred tax assets	2,412		1,870		1,201		2,255		1,625		
Other current assets	2,316		4,157		7,262		3,448		2,681		
Allowance for doubtful receivables	-94		-67		-141		-256		-18		
Fixed assets	65,215	42.6	66,038	43.4	63,716	43.3	59,006	39.3	57,244	40.9	
Tangible assets	36,683	24.0	42,159	27.7	40,850	27.8	37,237	24.8	32,676	23.3	
Buildings and structures	19,789		18,562		20,351		20,577		18,826		
Machinery, equipment and vehicles	1,644		1,926		1,958		1,882		2,114		
Land	10,988		11,009		10,990		10,645		9,486		
Construction in progress	1,750		8,200		4,966		1,750		181		
Other tangible assets	2,511		2,460		2,582		2,382		2,067		
Intangible assets	4,781	3.1	5,164	3.4	4,781	3.2	4,000	2.7	3,318	2.4	
Goodwill	1,556		2,260		1,598		1,323		1,015		
Software	721		992		911		1,207		1,182		
Consolidation adjustments	-		17		13		10		6		
Other intangible assets	2,504		1,893		2,256		1,458		1,113		
Investments and other assets	23,750	15.5	18,715	12.3	18,085	12.3	17,769	11.8	21,250	15.2	
Investment securities	13,237		9,821		9,945		11,482		14,313		
Long-term deferred tax assets	1,826		2,515		2,331		1,814		1,051		
Others	8,687		6,392		5,808		4,476		5,885		
Allowance for doubtful receivables	-0		-13		-0		-3		-		
Deferred assets	2		-		-	0.0	-		-	0.0	
Total assets	153,242	100.0	152,103	100.0	147,147	100.0	150,237	100.0	139,979	100.0	

[Major variances between March 31, 2004 and March 31, 2005]

Cash and deposits :	Decreased due to the increase in the payment of income taxes, the repayment of long-term debt ahead of schedule, and the contribution to retirement benefit trust, despite the increase in income before income taxes.
Notes receivable and accounts receivable:	Due to the increase of sales.
Land:	Decreased due to the sales.
Construction in progress:	Decreased due to the transfer of plant manufacturing facilities (1,080 million yen) to leasing contract.

Liabilities and shareholders' equity

(Millions of yen)

March 31	2001		2002		2003		2004		2005	
		%		%		%		%		%
Current liabilities	27,340	17.8	26,334	17.3	39,637	26.9	27,153	18.1	22,223	15.9
Trade accounts payable	6,900		4,798		5,476		5,039		6,122	
Current portion of convertible bonds	-		-		19,945		-		-	
Current portion of long-term debt	629		1,417		416		416		269	
Other payables	10,784		11,754		9,117		8,853		8,577	
Income taxes payable	4,640		3,428		1		8,132		3,413	
Consumption taxes payable	582		484		283		566		475	
Reserve for bonuses	2,088		2,311		2,432		2,228		2,481	
Other reserves	1,157		1,067		741		650		199	
Other current liabilities	556		1,071		1,222		1,265		682	
Noncurrent liabilities	31,068	20.3	30,668	20.2	10,384	7.1	19,584	13.0	9,517	6.8
Convertible bonds	19,945		19,945		-		-		-	
Long-term debt	4,518		3,103		2,686		12,270		6,614	
Other payables - long-term	30		-		86		84		636	
Reserve for retirement benefits	-		-		-		-		-	
Reserve for retirement benefits	5,058		5,156		5,288		5,331		1,455	
Reserve for retirement benefits for directors and auditors	246		444		465		441		402	
Deffered tax liabilities	38		34		32		26		23	
Other	1,230		1,983		1,825		1,429		384	
Total liabilities	58,408	38.1	57,002	37.5	50,021	34.0	46,737	31.1	31,740	22.7
Common stock	6,205		6,214		6,214		6,214		6,247	
Capital surplus reserves	6,900		6,908		6,908		6,908		6,942	
Appropriated retained earnings	83,735		83,892		90,551		91,844		95,901	
Unrealized holding gains on securities	1,289		474		293		1,426		2,048	
Foreign currency translation adjustments	-3,255		-2,382		-3,566		-2,853		-2,826	
Treasury stock	-41		-5		-3,276		-40		-74	
Total shareholders' equity	94,834	61.9	95,101	62.5	97,125	66.0	103,499	68.9	108,239	77.3
Total liabilities and shareholders' equity	153,242	100.0	152,103	100.0	147,147	100.0	150,237	100.0	139,979	100.0

[Major variances between March 31, 2004 and March 31, 2005]

Trade accounts payable:	Due to the increase in purchase of merchandises mainly.
Income taxes payable:	Due to the lower payment of income taxes in November, 2003 and the increase in unpaid balance of tax in March, 2004.
Long-term debt:	Decreased due to the repayment of syndicated loans (5,000 million yen) ahead of schedule and other loans.
Reserve for retirement benefits:	Decreased due to the establishment of retirement benefit trust (3,502 million yen).

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005
. Cash flows from operating activities:					
Income before income taxes	15,520	12,678	9,947	13,774	18,436
Depreciation and amortization	5,683	5,333	4,311	4,521	4,749
Increase/decrease in allowance for retirement and severance benefits	-330	97	132	43	-2,550
Interest and dividends income	-579	-304	-268	-239	-249
Insurance due date amount receivables	-	-	-	-1,712	-114
Interest expenses	430	465	480	365	182
Increase/decrease in trade receivables	-8,372	1,804	6,965	-315	-3,082
Increase/decrease in inventories	-765	-183	647	1,342	594
Increase/decrease in trade accounts payable	1,812	-2,137	660	-440	1,065
Other, net	1,525	-2,509	-753	1,422	-1,439
Subtotal	14,928	15,244	22,122	18,761	17,592
Interest and dividends income received	529	227	140	232	246
Interest expenses paid	-406	-464	-458	-328	-183
Proceeds from insurance due date amount receivables	-	-	-	3,003	198
Income taxes paid	-8,219	-8,065	-5,996	-453	-11,235
Income taxes received	-	-	-	1,980	-
Net cash provided by operating activities	6,831	6,941	15,807	23,196	6,619
. Cash flows from investing activities:					
Increase in fixed deposits	-2,418	-2,840	-1,251	-622	-1,548
Decrease in fixed deposits	1,603	1,697	1,810	915	2,904
Payments for acquisition of marketable securities	-1,002	-0	-4,000	-6,399	-4,499
Proceeds from sale of marketable securities	2,263	200	3,043	10,604	4,817
Payments for acquisition of fixed assets	-4,942	-6,585	-7,045	-3,225	-4,906
Proceeds from sale of fixed assets	-	-	-	3,770	2,488
Payments for investments in securities	-707	-267	-3,703	-510	-3,229
Proceeds from investments in securities	1,976	856	472	1,073	1,059
Payment for acquisition of shares of subsidiaries due to change in consolidation	-	-537	-	-	-
Other, net	56	1,101	723	-359	7
Net cash provided by investing activities	-3,172	-6,373	-9,951	5,246	-2,907
. Cash flows from financing activities:					
Increase in long-term debt	-	-	-	10,000	-
Repayment of long-term debt	-654	-624	-1,420	-416	-5,804
Repayment of Convertible Bonds	-	-	-	-19,945	-
Purchases of treasury stock	-5,293	-3,313	-3,273	-3	-2,582
Proceeds from sale of treasury stock	212	90	-	0	0
Cash dividends paid	-1,520	-1,854	-1,812	-1,758	-4,393
Other, net	62	17	-	-	68
Net cash provided by financing activities	-7,192	-5,683	-6,507	-12,122	-12,711
. Effect of exchange rate changes on cash and cash equivalents	360	176	84	49	-42
V. Net increase/decrease in cash and cash equivalents	-3,172	-4,939	-566	16,369	-9,042
VI. Cash and cash equivalents, beginning of year	33,727	30,555	25,619	25,053	41,422
VII. Effect from consolidating subsidiaries previously unconsolidated on cash and cash equivalents	-	4	-	-	-
VIII. Cash and cash equivalents, end of year	30,555	25,619	25,053	41,422	32,380

Capital expenditures and number of employees

Capital expenditures*

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Consolidated	3,039	8,516	4,134	2,871	1,674	1,870
Non-consolidated	2,396	7,507	3,820	2,291	1,178	1,380

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

[Major items]

- Remodeling of existing production facilities
- Replacing of machinery for research and development

Depreciation and amortization

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Manufacturing cost	2,009	1,783	1,549	1,626	1,613	1,620
Selling, general and administrative expense	791	829	699	746	740	750
R&D expenses	1,345	1,190	1,224	1,499	1,312	1,250
Others	189	34	164	40	30	0
Consolidated	4,336	3,837	3,638	3,914	3,696	3,620
Non-consolidated	3,961	3,347	2,967	3,219	3,005	2,970

Lease expenses

(Millions of yen)

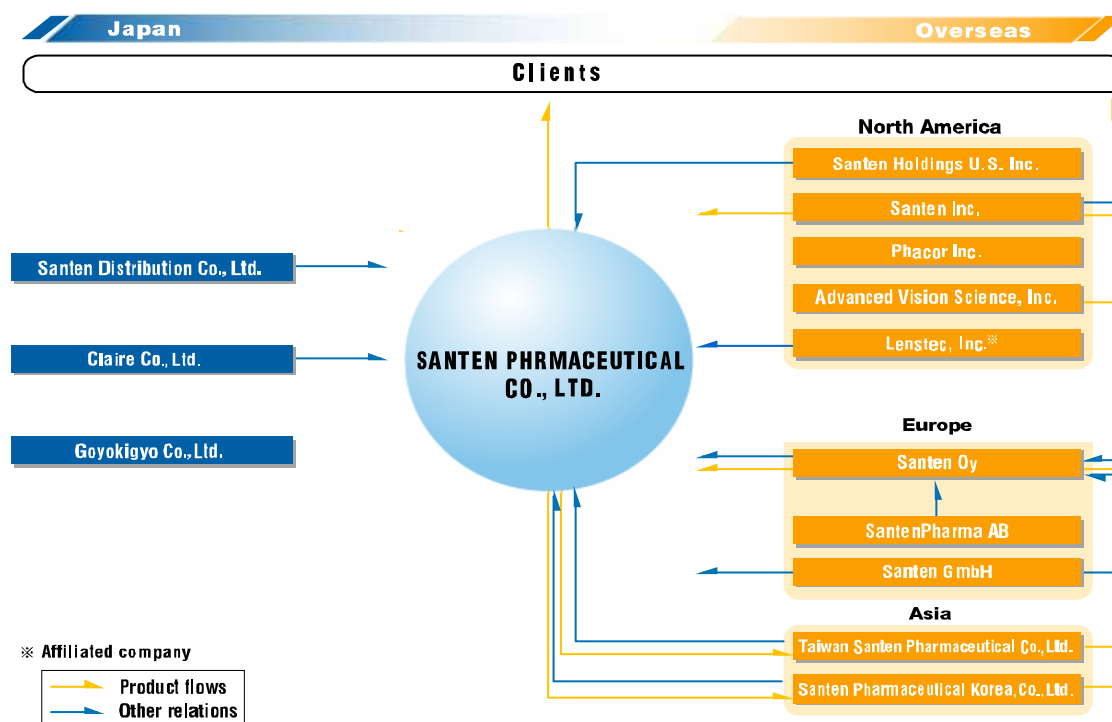
Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Consolidated total	2,302	1,879	675	784	1,012	1,150
Manufacturing cost	2,232	1,817	588	656	891	1,020
Non-consolidated	2,302	1,879	675	784	1,012	1,150

Number of employees

Year ended March 31	2001	2002	2003	2004	2005
Consolidated	2,167	2,463	2,500	2,335	2,308
sales division	782	884	862	771	790
production division	783	878	909	883	827
R&D division	404	479	485	455	460
corporate or back-office division	198	222	244	226	231
Non-consolidated	1,592	1,702	1,740	1,694	1,691

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	24,784 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	20,000 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	2001	2002	2003	2004	2005	% Change 2005/2004
Net sales	84,295	82,990	82,372	80,227	86,340	7.6
Cost of sales	30,996	29,829	28,901	27,653	29,964	8.4
(Percentage of net sales)	36.8%	35.9%	35.1%	34.5%	34.7%	
Gross profit	53,298	53,161	53,471	52,573	56,376	7.2
(Percentage of net sales)	63.2%	64.1%	64.9%	65.5%	65.3%	
Selling, general and administrative expenses	34,586	37,575	36,141	35,103	36,684	4.5
(Percentage of net sales)	41.0%	45.3%	43.9%	43.7%	42.5%	
R&D expenses	10,936	12,809	12,109	12,023	13,302	10.6
(Percentage of net sales)	12.9%	15.4%	14.7%	15.0%	15.4%	
Operating income	18,712	15,586	17,329	17,469	19,692	12.7
(Percentage of net sales)	22.2%	18.8%	21.0%	21.8%	22.8%	
Non-operating income	1,114	932	719	2,651	809	-69.5
Non-operating expense	753	458	1,037	1,439	234	-83.7
Ordinary income	19,072	16,060	17,011	18,680	20,266	8.5
(Percentage of net sales)	22.6%	19.3%	20.7%	23.3%	23.5%	
Extraordinary gain	57	952	16	682	766	12.2
Extraordinary loss	1,433	263	14,728	5,058	1,080	-78.6
Income before income taxes	17,697	16,749	2,299	14,305	19,952	39.5
(Percentage of net sales)	21.0%	20.2%	2.8%	17.8%	23.1%	
Income taxes: current	8,644	6,515	442	8,662	6,362	-26.5
deferred	-1,112	300	985	-1,533	987	164.4
Net income	10,165	9,932	871	7,176	12,602	75.6
(Percentage of net sales)	12.1%	12.0%	1.1%	8.9%	14.6%	

Selling, general and administrative expenses

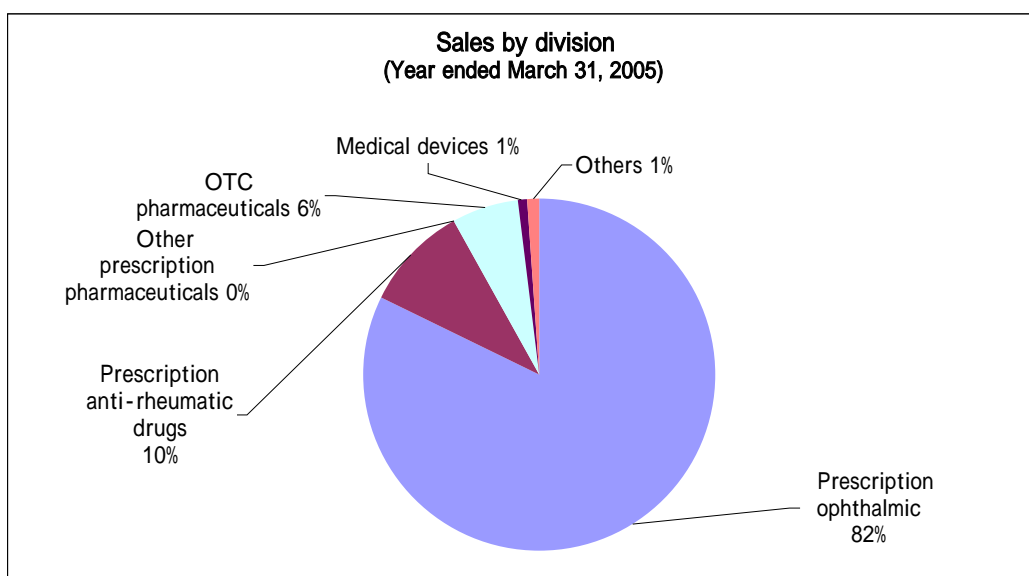
(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Personnel expenses	8,237	8,626	8,746	8,432	9,149	8.5
Sales promotion expenses	2,533	2,676	2,399	2,212	2,345	6.0
Royalty expenses	2,527	2,358	1,951	1,943	1,941	-0.1
Advertising expenses	1,364	1,869	1,655	1,542	1,457	-5.5
R&D expenses	10,936	12,809	12,109	12,023	13,302	10.6

Sales by division

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	76,576	74,221	74,130	72,781	79,380	9.1
Ophthalmic	69,152	66,379	66,207	64,749	70,987	9.6
Anti-rheumatic drugs	6,729	7,291	7,631	7,969	8,353	4.8
Other prescription pharmaceuticals	694	551	291	62	40	-35.9
OTC pharmaceuticals	5,255	6,592	5,656	4,672	5,277	13.0
Medical devices	1,144	842	855	877	726	-17.1
Others	1,318	1,334	1,730	1,896	955	-49.6
Total net sales	84,295	82,990	82,372	80,227	86,340	7.6



Sales of merchandises and products

(Millions of yen)

	2001	2002	2003	2004	2005	% Change 2005/2004
Sales of products	61,315	63,742	62,606	60,936	61,979	1.7
Sales of merchandises	22,980	19,248	19,765	19,290	24,360	26.3
Total	84,295	82,990	82,372	80,227	86,340	7.6
Sales of products ratio(%)	72.7	76.8	76.0	75.9	71.8	-

Non-consolidated balance sheets

Assets

(Millions of yen)

March 31	2001		2002		2003		2004		2005	
		%		%		%		%		%
Current assets	82,645	52.5	78,800	49.7	75,794	51.3	84,293	56.1	78,075	54.7
Cash and deposits	24,310		19,594		18,353		28,577		21,924	
Notes receivable and accounts receivable	39,937		37,852		31,300		30,874		34,572	
Income taxes receivable	-		-		2,114		-		-	
Marketable securities	2,984		4,797		7,745		9,303		9,046	
Treasury stock	41		-		-		-		-	
Inventories	11,096		10,997		10,348		8,860		8,328	
Deferred tax assets	2,276		1,859		1,138		2,298		1,609	
Other	2,093		3,765		4,934		4,657		2,612	
Allowance for doubtful receivables	-94		-66		-141		-258		-18	
Fixed assets	74,687	47.5	79,656	50.3	72,075	48.7	65,946	43.9	64,687	45.3
Tangible assets	32,844	20.9	37,539	23.7	36,304	24.5	32,660	21.7	28,459	19.9
Buildings and structures	17,511		16,040		17,887		18,289		16,483	
Machinery, equipment and vehicles	1,235		965		857		805		981	
Tools, furnitures and fixtures	1,926		1,724		1,932		1,875		1,611	
Land	10,666		10,666		10,666		10,343		9,227	
Construction in progress	1,503		8,142		4,959		1,346		156	
Intangible assets	3,973	2.5	3,446	2.2	3,129	2.1	2,700	1.8	2,073	1.5
Patents	1,039		887		736		584		432	
Trademarks	1,081		962		839		717		596	
Goodwill	934		692		449		206		0	
Software	543		797		719		1,111		966	
Other intangible assets	373		106		384		80		78	
Investments and other assets	37,869	24.1	38,670	24.4	32,641	22.1	30,585	20.4	34,154	23.9
Investment securities	13,419		9,991		10,819		11,425		14,309	
Investments in subsidiaries and affiliates	14,455		15,567		4,618		13,201		13,148	
Long-term loans	1,051		4,671		9,346		1		-	
Long-term deferred tax assets	1,479		2,185		2,052		1,669		948	
Others	7,464		6,253		5,803		4,288		5,748	
Total assets	157,332	100.0	158,456	100.0	147,869	100.0	150,240	100.0	142,762	100.0

[Major variances between March 31, 2004 and March 31, 2005]

Cash and deposits :

Decreased due to the increase in the payment of income taxes, the repayment of long-term debt ahead of schedule, and the contribution to retirement benefit trust, despite the increase in income before income

Notes receivable and accounts receivable:

Due to the increase of sales.

Land:

Decreased due to the sales.

Construction in progress:

Decreased due to the transfer of plant manufacturing facilities (1,080 million yen) to leasing contract.

Liabilities and shareholders' equity

(Millions of yen)

March 31	2001		2002		2003		2004		2005	
		%		%		%		%		%
Current liabilities	25,870	16.5	24,094	15.2	38,055	25.7	24,337	16.2	20,686	14.5
Trade accounts payable	6,452		4,335		5,122		4,436		5,469	
Current portion of convertible bonds	-		-		19,945		-		-	
Current portion of long-term debt	624		1,416		416		416		268	
Other payables	10,556		11,242		9,449		8,228		8,732	
Corporate income taxes receivable	4,597		3,412		-		8,075		3,372	
Consumption taxes payable	573		478		275		556		460	
Reserves	2,858		2,886		2,609		2,458		2,237	
Others	207		323		237		165		145	
Noncurrent liabilities	30,735	19.5	29,654	18.7	9,530	6.5	19,102	12.7	8,983	6.3
Convertible bonds	19,945		19,945		-		-		-	
Long-term debt	4,518		3,102		2,686		12,270		6,614	
Reserve for retirement benefit	-		-		-		-		-	
Reserve for retirement benefit	5,290		5,580		5,724		5,744		1,823	
Other noncurrent liabilities	981		1,026		1,120		1,088		546	
Total liabilities	56,605	36.0	53,749	33.9	47,586	32.2	43,440	28.9	29,670	20.8
Common stock	6,205	4.0	6,214	3.9	6,214	4.2	6,214	4.1	6,247	4.4
Capital surplus reserves	6,900	4.3	6,908	4.4	6,908	4.6	6,908	4.6	6,942	4.9
Additional paid-in capital	6,900		6,908		6,908		6,908		6,942	
Other capital surplus reserves	-		-		-		0		0	
Appropriated retained earnings	86,331	54.9	91,115	57.5	90,143	61.0	92,291	61.4	97,927	68.6
Earnings reserve	1,473		1,551		1,551		1,551		1,551	
Reserve for retirement benefit	372		372		372		372		372	
Special depreciation reserve	287		250		180		325		294	
General reserve	79,409		82,109		84,109		84,109		84,109	
Unappropriated retained earnings	4,789		6,833		3,930		5,933		11,600	
Unrealized holding gains on securities	1,289	0.8	474	0.3	293	0.2	1,426	1.0	2,048	1.4
Treasury stock	-	-	-5	-0.0	-3,276	-2.2	-40	-0.0	-74	-0.1
Total shareholders' equity	100,727	64.0	104,706	66.1	100,283	67.8	106,800	71.1	113,092	79.2
Total liabilities and shareholders' equity	157,332	100.0	158,456	100.0	147,869	100.0	150,240	100.0	142,762	100.0

[Major variances between March 31, 2004 and March 31, 2005]

Trade accounts payable:	Due to the increase in purchase of merchandises mainly.
Income taxes payable:	Due to the lower payment of income taxes in November, 2003 and the increase in unpaid balance of tax in March, 2004.
Long-term debt:	Decreased due to the repayment of syndicated loans (5,000 million yen) ahead of schedule and other loans.
Reserve for retirement benefits:	Decreased due to the establishment of retirement benefit trust (3,502 million yen).

Reference information

Research & development

Pipeline of prescription pharmaceuticals (Clinical studies)

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (0.5%)	Cravit Quixin Oftaquix	Bacterial conjunctivitis	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, Ofaquix has obtained marketing authorization in 13 countries and was launched in seven countries including Germany. Iquix is a higher-concentration fluoroquinolone with potent antibacterial action. Levofloxacin + prednisolone A is a combination treatment with steroids.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

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

Pipeline of medical devices

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

License out

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

Changes from November 4, 2004

[Progress]

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

Pharmaceutical market

Revision of National Health Insurance (NHI) drug prices

(%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industry average	-	-6.6	-	-6.8	-4.4	-9.7	-	-7.0	-	-6.3	-	-4.2	-
Ophthalmic drugs	-	-1.6	-	-3.5	-1.8	-7.5	-	-6.2	-	-6.0	-	-2.7	-
Santen	-	-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	2001	2002	2003	2004	2005
Prescription ophthalmics	42.9%	40.3%	38.9%	39.0%	39.6%
	189.4	197.1	195.8	194.7	207.7
Anti-rheumatic drugs	44.9%	42.8%	42.1%	42.5%	42.9%
	19.1	20.3	21.1	22.2	23.3

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: 2000-2005; Unauthorized copy prohibited

Market shares by therapeutic area - ophthalmic pharmaceuticals

(Billions of yen)

Year ended March 31	2001	2002	2003	2004	2005
Anti-glaucoma	19.1%	17.6%	17.3%	16.7%	20.0%
	60.2	66.1	69.0	71.7	74.9
Anti-infective	80.8%	81.8%	80.9%	81.0%	80.3%
	31.0	30.2	27.6	26.9	26.5
Anti-allergy	29.2%	18.2%	17.5%	20.7%	22.4%
	26.8	26.5	25.0	20.8	28.4
Agents for surgeries	41.9%	41.0%	39.6%	39.1%	41.0%
	16.0	16.0	14.8	14.5	13.6
Corneal disease treatments	89.3%	89.0%	85.4%	82.4%	81.0%
	15.3	17.2	18.8	21.0	23.0
Anti-cataract	47.0%	50.1%	53.3%	55.4%	57.4%
	7.9	7.7	7.7	7.1	6.8
Corticosteroids	56.2%	56.0%	53.1%	51.6%	52.8%
	12.7	12.5	11.4	10.9	11.5

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

Copyright IMS Japan KK, 2005

Source: Santen analysis based on IMS data

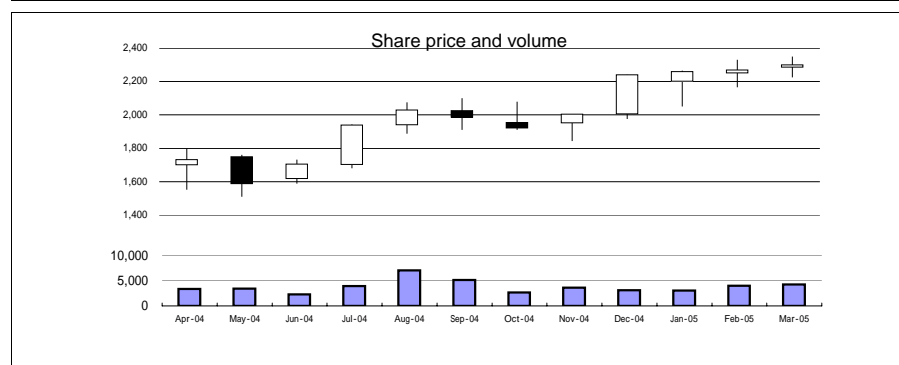
Period: 2000-2005; Unauthorized copy prohibited

Stock information

Share price

(Yen and thousand shares)

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05
Share price:												
Open	1,700	1,750	1,617	1,701	1,940	2,025	1,955	1,950	2,005	2,200	2,250	2,285
High	1,799	1,760	1,733	1,943	2,075	2,100	2,080	2,005	2,240	2,265	2,330	2,350
Low	1,552	1,510	1,588	1,681	1,888	1,910	1,911	1,843	1,976	2,050	2,165	2,225
End of month	1,733	1,587	1,706	1,940	2,030	1,985	1,920	2,005	2,240	2,260	2,270	2,300
Volume	3,344	3,437	2,286	3,930	7,046	5,123	2,661	3,611	3,122	3,069	3,989	4,264



Major shareholders

As of March 31, 2005

Name	Number of shares Held	Percentage of voting rights
	Thousand shares	%
Northern Trust Company AVFC Sub-account American Clients	7,198	8.3
Mita Sangyo Co., Ltd.	4,756	5.5
Japan Trustee Service Bank, Ltd.	4,577	5.3
Japan master Trust and Banking Co., Ltd.	4,565	5.3
Nippon Life Insurance Company	2,856	3.3
Northern Trust Company Re U.S.tax exempted pension funds	2,854	3.3
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	2,668	3.1
Trust and Custody Services Bank, Ltd.	2,442	2.8
UFJ Bank Limited	2,148	2.5
The Bank of Tokyo-Mitsubishi, Ltd.	2,148	2.5

Shares and stock option

Year ended March 31	2001	2002	2003	2004	2005
Number of shares outstanding (thousand shares)	92,720	90,704	90,704	87,963	86,658
Stock option balance (thousand shares)	199	243	335	473	509.3
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	73	62	62	62	40
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	60
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	-	55	55	55	55
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	-	-	92	92	73
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	-	-	-	138	137.6
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	-	-	-	-	78.2

Note: 1 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.

Extinguishment of Treasury stock

	2001	2002	2003	2004	2005
An extinguished amount of money(millions of yen)	5,084	3,258	-	3,239	2,548
The number of the extinguished stocks(thousand stocks)	2,387	2,027	-	2,741	1,351

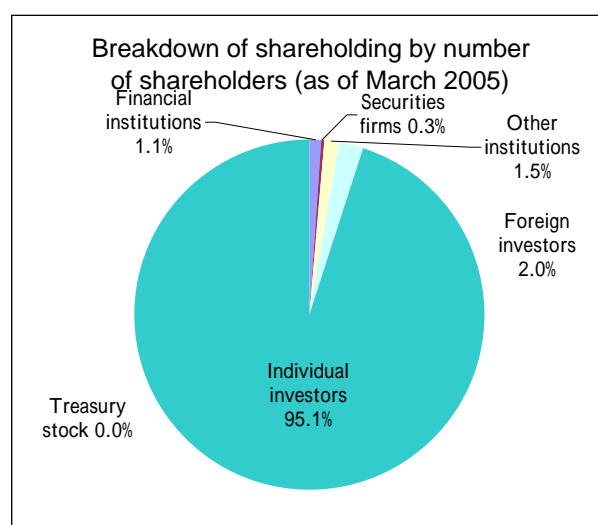
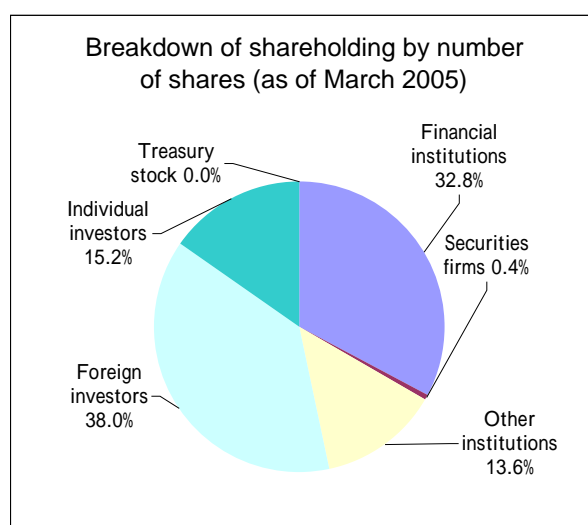
Breakdown of shareholding by number of shares

Year ended March 31	2001		2002		2003		2004		2005	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	52,429	56.5	41,005	45.2	36,302	40.0	30,740	34.9	28,423	32.8
City & regional banks	11,581	12.5	9,054	9.9	6,660	7.3	5,428	6.2	4,636	5.3
Trust banks	29,651	32.0	20,641	22.8	19,018	21.0	16,201	18.4	15,768	18.2
(concerned in trust works)	26,824		18,429		15,743	0.0	13,422		13,022	
Life and non-life insurance	11,136	12.0	11,033	12.2	10,414	11.5	9,007	10.2	7,973	9.2
Other financial institutions	61	0.1	276	0.3	208	0.2	103	0.1	45	0.1
Securities firms	385	0.5	646	0.7	293	0.3	368	0.4	346	0.4
Other institutions	10,398	11.2	10,300	11.4	10,555	11.6	10,512	12.0	11,788	13.6
Foreign investors	15,868	17.1	23,675	26.1	24,580	27.1	31,306	35.6	32,874	38.0
Individual investors	13,624	14.7	15,073	16.6	16,200	17.9	15,001	17.1	13,187	15.2
Treasury stock	18	0.0	2	0.0	2,771	3.1	33	0.0	39	0.0
Total	92,721	100.0	90,704	100.0	90,704	100.0	87,963	100.0	86,658	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	2001		2002		2003		2004		2005	
	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)
Financial institutions	108	2.2	107	1.8	98	1.2	83	1.0	91	1.1
City & regional banks	15	0.3	13	0.2	8	0.1	7	0.1	9	0.1
Trust banks	57	1.2	60	1.0	55	0.7	46	0.6	47	0.6
Life and non-life insurance	32	0.6	28	0.5	29	0.4	27	0.3	31	0.4
Other financial institutions	4	0.1	6	0.1	6	0.1	3	0.0	4	0.0
Securities firms	22	0.5	35	0.6	28	0.4	28	0.4	28	0.3
Other institutions	132	2.7	137	2.3	134	1.7	130	1.7	128	1.5
Foreign investors	162	3.4	148	2.4	119	1.5	122	1.5	172	2.0
Individual investors	4,387	91.2	5,583	92.9	7,493	95.2	7,498	95.4	8,089	95.1
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	4,812	100.0	6,011	100.0	7,873	100.0	7,862	100.0	8,509	100.0



News releases

News releases during April 2004-March 2005

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

(Date) (Summary)

2004

7-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 92nd Annual General Meeting of Shareholders held on June 25.

12-Jul Agreement Concerning Glaucoma and Ocular Hypertension Treatment RESCULA Eye Drops

Santen acquired the exclusive marketing rights in Japan for RESCULA Eye Drops (generic name: unoprostone isopropyl) from R-Tech Ueno, Ltd. On October 1, Santen began sales of RESCULA Eye Drops for the treatment of glaucoma and ocular hypertension. R-Tech Ueno holds the manufacturing approval, and will develop plans for the marketing and promotion of the product.

20-Jul Santen Launches Anti- rheumatic METOLATE Tablet 2mg

Santen launched the anti-rheumatic METOLATE Tablet 2mg (generic name: methotrexate) in Japan. The METOLATE Tablet 2mg has shown efficacy in low-dose weekly administrations. This new product launch enhances Santen's anti-rheumatic product portfolio and will allow us to offer more detailed therapeutic options tailored to each patient's condition.

15-Oct Agreement Concerning Development of Novel Anti-rheumatic Agent Anti-APO-1 Antibody in Japan

Santen entered into an agreement with Argenes, Inc. concerning domestic development of the anti-APO-1 antibody, which Santen had in-licensed from Centocor, Inc. Under this agreement, Santen will grant domestic development rights of the anti-APO-1 antibody and invest in Argenes. Santen will continue to hold the marketing rights in Japan, as well as worldwide development and marketing rights.

4-Nov Santen Establishes New Retirement Benefit and Pension Program

Santen established a new retirement and pension program for its employees, and introduced it on January 1, 2005. The new system will allow Santen to provide fairer benefits and meet diversified employee needs. Also, Santen will be able to minimize the risk inherent in pension fund asset management, and will seek to provide a stable program.

9-Nov Santen to Terminate Sales of Ophthalmic Surgical instruments

Santen's Surgical Division has distributed Asico Llc's ophthalmic surgical tools in Japan, but due to the expiration of the contract with Asico, Santen will terminate distribution on December 31, 2004.

25-Nov Santen Purchase Own Shares on Market

Santen purchased 1,351,100 of its own shares on the market at 1,902 yen, the closing price for November 24.

2005

7-Mar Santen to Retire Treasury Stock

On March 16, Santen retired 1,351,100 shares of its common stock it had repurchased on November 25, 2004 as treasury stock, in order to further increase capital efficiency.

News releases during April 2004-March 2005

- | (Date) | (Summary) |
|---------------|---|
| 7-Mar | Santen Announces Proposed Dividends Change
Returning profits to shareholders has been an issue of key importance for Santen, and it will propose a year-end dividend of 30 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 2005. |
| 10-Mar | Nara Institute of Science and Technology and Santen Conclude Agreement to Establish "Collaborative Course"
Santen and the Nara Institute of Science and Technology (NAIST) have reached an agreement to establish a collaborative course on "Functional Polymer Science" at the NAIST Graduate School of Material Science starting April, 2005. Three staff members of the Santen Nara Research and Development Center will provide education and instruction for students of NAIST, focusing on basic research of kinase, an enzyme that catalyzes phosphorylation of protein, which contributes significantly to the development of diseases. |
| 28-Mar | Santen Sets Up Retirement Fund
Santen created a retirement benefit trust and has released its stocks and cash to the trust. The retirement benefit trust totals 3.5 billion yen (0.5 billion yen in stock , 3 billion yen in cash). 0.2 billion yen from this fund will be reported as extraordinary gain, however, and there will be no changes regarding the business forecast announced on January 31, 2005. |

