



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2005

Half Year Ended September 30, 2004

Contact:

Corporate Communication Group

Tel: 06-6321-7007 Fax: 06-6321-8400

E-mail: ir@santen.co.jp

Stock Code: 4536

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.

. Basic Objectives

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

. Financial Targets

(Billions of yen, except ROE)

	Year ending March 2006	Year ending 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%

. 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>).

Contents



Financial highlights	2
Consolidated financial summary	2
Consolidated balance sheets summary	2
Consolidated financial indexes	2
Consolidated - other figures	2
Non-consolidated financial summary	2
Consolidated information	4
Consolidated income statements	4
Income statements details	5
Net sales	5
Selling, general and administrative expenses	5
Non-operating income and expenses	5
Extraordinary gain and loss	5
Sales details	6
Sales of major prescription pharmaceuticals	6
Sales by division	8
Breakdown by region	9
Breakdown by geographic segment	9
Overseas sales	9
Consolidated balance sheets	10
Assets	10
Liabilities and shareholders' equity	11
Consolidated statements of cash flows	12
Capital expenditures and number of employees	13
Capital expenditures	13
Depreciation and amortization	13
Lease expenses	13
Number of employees	13
Affiliated companies	14
Santen group	14
Subsidiaries	14
Non-consolidated information	16
Non-consolidated income statements	16
Selling, general and administrative expenses	16
Sales by division	17
Non-consolidated balance sheets	18
Assets	18
Liabilities and shareholders' equity	19
Reference information	20
Research & development	20
Pipeline of prescription pharmaceuticals	20
Pipeline of prescription pharmaceuticals (Preparation for clinical study)	21
Pipeline of medical devices	21
Changes from May 10 , 2004	21
Number of employees in R&D divisions	21
Pharmaceutical market in Japan	22
Revision of National Health Insurance (NHI) drug prices	22
Major healthcare reforms	22
Market shares	23
Market shares by therapeutic area - prescription ophthalmic:	23
Stock information	24
Stock price	24
Major shareholders	24
Shares, convertible bonds and stock option	24
Breakdown of shareholding by number of shares	25
Breakdown of shareholding by number of shareholders	25
News releases	26

Financial highlights

[Consolidated]

Financial summary

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast	% Change
Net sales	46,452	90,252	46,153	89,857	45,084	-2.3	90,500	0.7
Operating income	7,158	12,697	7,443	14,525	9,539	28.2	16,700	15.0
Ordinary income	6,955	12,899	6,628	15,790	9,532	43.8	16,700	5.8
Net income	1,799	8,502	3,020	6,321	4,878	61.5	8,900	40.8
Dividends per share (yen)	10	20	10	40	20	-	20	-
Payout ratio (%)	50.4	21.4	29.1	55.8	36.0	-	-	-

Balance sheets summary

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)
Total assets	151,149	147,147	141,828	150,237	147,148	-2.1
Shareholders' equity	94,581	97,125	99,942	103,499	105,347	1.8
Interest-bearing debts	24,260	23,047	12,894	12,686	12,478	-1.6

Financial indexes

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)	3/2005 Forecast	Change over previous half year (%)
EPS (yen)	19.84	93.67	34.35	71.65	55.47	61.4	101.20	41.2
Debt equity ratio (times)	0.25	0.23	0.13	0.12	0.11	-	-	-
PER (times)	26.2	12.3	18.2	24.3	17.9	-	-	-
PBR (times)	0.99	1.04	1.10	1.50	1.65	-	-	-
ROE (%)	3.8	8.8	6.2	6.3	4.7	-	-	-
* Free cash flows (millions of yen)	9,272	8,762	7,794	19,971	2,487	-68.1	-	-
* EBITDA (millions of yen)	6,989	14,738	8,456	18,660	10,580	25.1	-	-

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

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

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

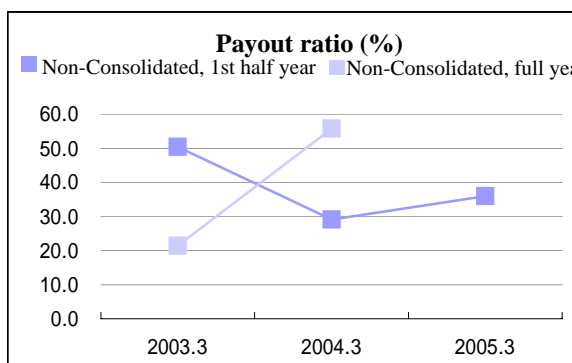
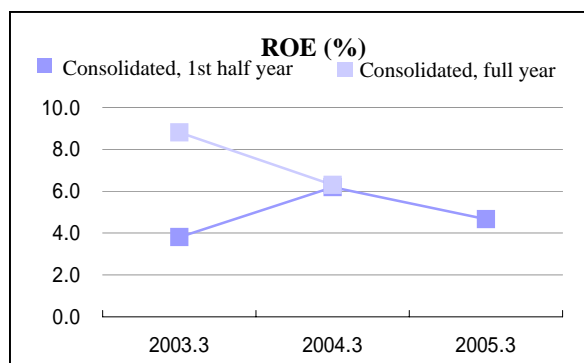
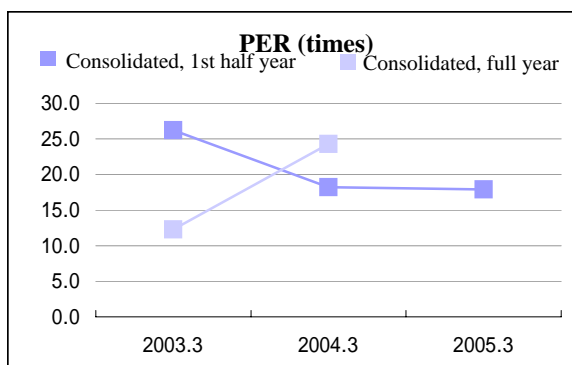
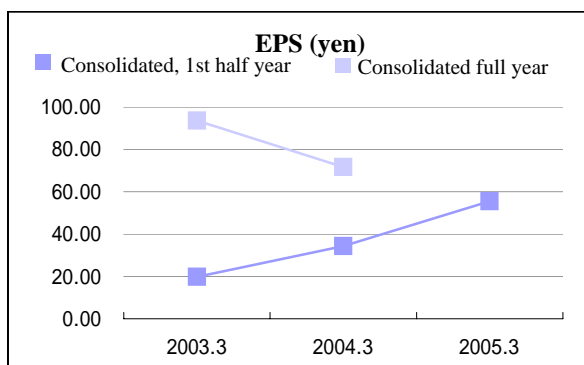
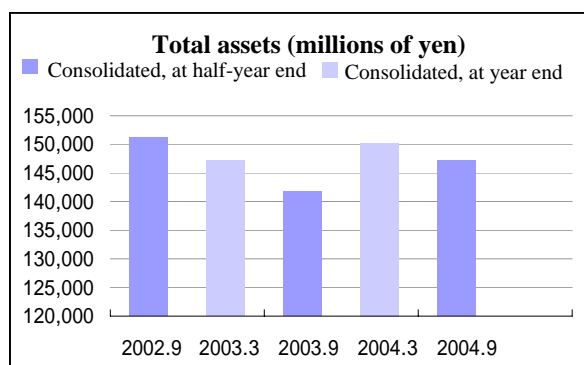
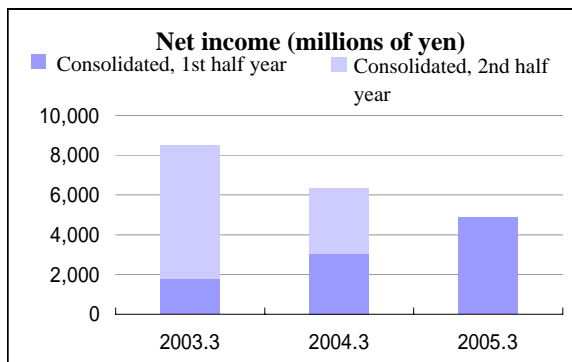
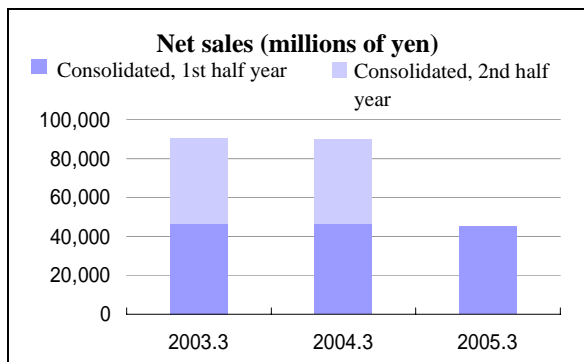
Other figures

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)	3/2005 Forecast	Change over previous half year (%)
R&D expenses (millions of yen)	6,313	12,719	6,245	11,853	5,868	-6.0	13,400	13.1
Capital expenditures (millions of yen)	1,905	4,134	1,735	2,871	1,085	-37.4	2,260	-21.3
Depreciation and amortization (millions of yen)	1,692	3,638	1,881	3,914	1,813	-3.6	3,760	-3.9
Number of employees	2,505	2,500	2,471	2,335	2,359	-	-	-

[Non-consolidated]

Financial summary

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)	3/2005 Forecast	Change over previous half year (%)
Net sales (millions of yen)	42,770	82,372	40,928	80,227	41,897	2.3	84,600	5.5
Operating income (millions of yen)	9,148	17,329	8,759	17,469	9,776	11.6	17,800	1.9
Ordinary income (millions of yen)	8,905	17,011	8,320	18,680	10,221	22.8	18,300	-2.0
Net income (millions of yen)	3,817	871	4,998	7,176	6,008	20.2	11,100	54.7
Dividends per share (yen)	10	20	10	40	20	-	20	-
Payout ratio (%)	23.7	215.1	17.6	49.2	29.2	-	-	-



Consolidated Information

Consolidated income statements

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)
Net sales	46,452	90,252	46,153	89,857	45,084	-2.3
Cost of sales	16,901	32,271	15,887	31,857	16,327	2.8
(Percentage of net sales)	36.4%	35.7%	34.4%	35.4%	36.2%	
Gross profit	29,551	57,981	30,266	58,000	28,757	-5.0
(Percentage of net sales)	63.6%	64.3%	65.6%	64.6%	63.8%	
Selling, general and administrative expenses	22,392	45,284	22,822	43,474	19,217	-15.8
(Percentage of net sales)	48.2%	50.2%	49.5%	48.3%	42.6%	
R&D expenses	6,313	12,719	6,245	11,853	5,868	-6.0
(Percentage of net sales)	13.5%	14.1%	13.5%	13.2%	13.0%	
Operating income	7,158	12,697	7,443	14,525	9,539	28.2
(Percentage of net sales)	15.4%	14.1%	16.1%	16.2%	21.2%	
Non-operating income	374	1,269	428	2,908	478	11.6
Non-operating expenses	576	1,066	1,243	1,643	484	-61.0
Ordinary income	6,955	12,899	6,628	15,790	9,532	43.8
(Percentage of net sales)	15.0%	14.3%	14.3%	17.6%	21.1%	
Extraordinary gain	0	17	489	682	345	-29.3
Extraordinary loss	2,257	2,969	1,087	2,698	1,561	43.7
Income before income taxes	4,698	9,947	6,030	13,774	8,316	37.9
(Percentage of net sales)	10.1%	11.0%	13.0%	15.3%	18.4%	
Income taxes - current	2,551	463	3,972	8,750	3,088	-22.2
Income taxes - deferred	347	981	-962	-1,297	350	-136.4
Net income	1,799	8,502	3,020	6,321	4,878	61.5
(Percentage of net sales)	3.9%	9.4%	6.5%	7.0%	10.8%	

Exchange rates

(Yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004
Exchange rate: US dollar	123.05	121.87	118.29	113.29	109.44
Euro	116.65	119.93	133.90	132.40	132.51

Changing in net sales

{Prescription pharmaceuticals}

Domestic:

Sales increased by 1,017 million yen, or 2.8%, from the corresponding period of the previous year since the impact of the increased contribution for insured employees shake down, despite the impact of the reduction of NHI prices in April 2004.

Overseas:

Sales decreased by 1,785 million yen, or 32.9%, from corresponding period of the previous year due to the change of sales way 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 388 million yen, or 17.6%, from the corresponding period of the previous year due to the adjustments in distribution stock proceeded.

{Other}

Sales decreased by 654 million yen, or 31.0%, 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)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)
Personnel expenses	5,818	12,084	5,788	11,313	5,315	-8.2
Sales promotion expenses	1,725	4,253	1,537	4,201	1,366	-11.1
Royalty expenses	1,127	2,173	1,206	2,279	1,075	-10.9
Advertising expenses	1,239	2,218	1,681	1,948	1,052	-37.4
R&D expenses	6,313	12,719	6,245	11,853	5,868	-6.0

Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous half year (%)
Interest and dividend income	156	268	141	239	140	-1.0
Interest expenses	209	480	212	365	101	-52.2
Amortization of goodwill	139	287	160	317	158	-1.0

Extraordinary gain and loss

(Millions of yen)

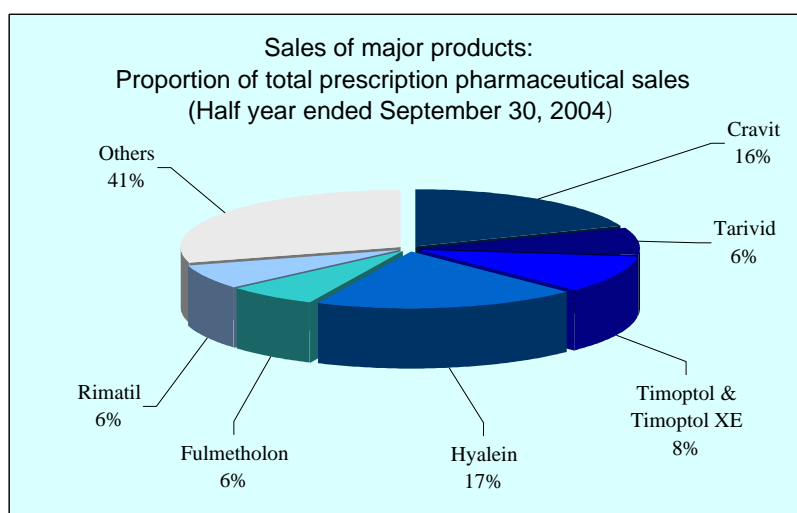
Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004
Gain on sale of investment securities	-	15	487	675	-
Gain on sale of fixed assets	0	1	1	5	342
Loss on valuation of investment securities	25	601	-	200	47
Special premium payment incurred upon secession from pension fund	2,202	-	-	-	-
Retirement benefit for carrier development support	-	-	698	719	-
Loss on discontinued operation of affiliates	-	-	293	855	-
Loss on impairment of fixed assets	-	-	-	376	823
Restructuring charge for U.S. business	-	-	-	386	547

Sales details

Sales of major prescription pharmaceuticals

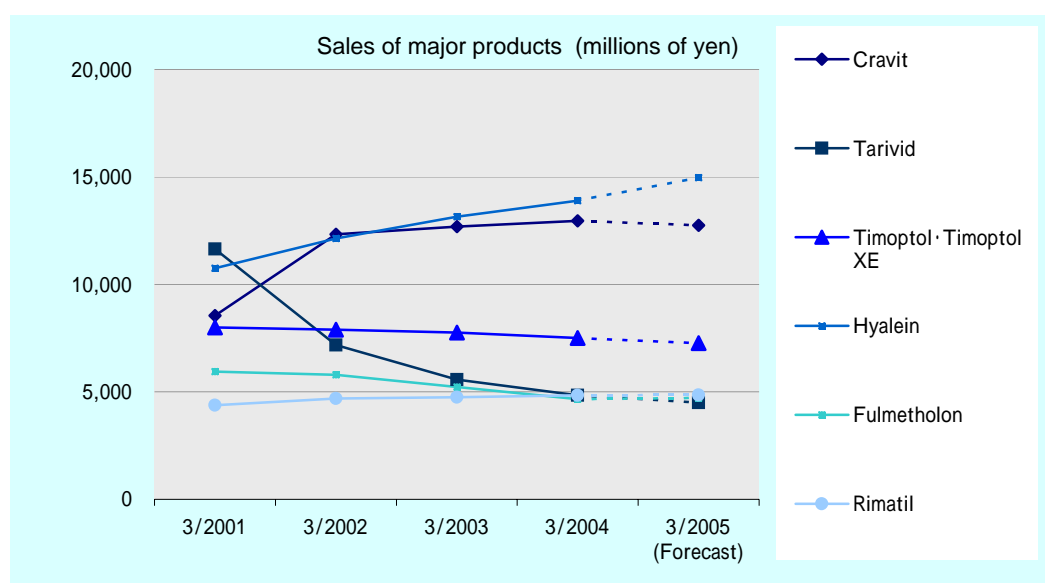
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
		Quixin	U.S.A.	Nov-00
Glaucoma	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol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

Half year/year to								Brand name
9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast	% Change	
6,885	12,691	6,816	12,957	7,013	2.9	12,750	-1.6	Cravit
3,202	5,566	2,670	4,847	2,518	-5.7	4,490	-7.4	Tarivid
2,790	5,289	2,476	4,846	2,287	-7.6	4,450	-8.2	Timoptol
1,254	2,477	1,311	2,654	1,410	7.5	2,810	5.9	Timoptol XE
346	628	255	472	211	-17.3	380	-19.5	Pivalephrine
696	1,498	925	1,917	1,098	18.6	2,180	13.7	Detantol
-	-	-	-	-	-	2,670	-	Rescula
791	3,028	1,110	2,729	1,424	28.2	3,720	36.3	Livostin
370	848	324	699	377	16.3	860	23.0	Alegysal
6,635	13,156	6,879	13,893	7,499	9.0	14,960	7.7	Hyalein
2,677	5,234	2,385	4,658	2,566	7.6	4,720	0.1	Flumetholon
1,762	3,326	1,763	3,295	1,676	-4.9	3,290	-0.2	Kary Uni
1,196	2,305	1,188	2,267	1,156	-2.8	2,300	1.5	Opegan Hi
821	1,505	712	1,358	658	-7.6	1,290	-5.0	BSS PLUS
2,414	4,751	2,445	4,836	2,505	2.5	4,860	0.5	Rimatil
1,454	2,880	1,577	3,132	1,687	7.0	3,320	6.0	Azulfidine EN



Sales for JJVCI

(Millions of yen)

Half year/year to							
9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast	% Change
-	-	-	-	188	-	650	-

*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)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast
Prescription pharmaceuticals	40,752	79,345	41,368	80,061	40,601	-1.9	82,110
Ophthalmic	36,523	71,122	37,170	71,744	36,233	-2.5	73,470
Anti-rheumatic drugs	3,869	7,631	4,022	7,969	4,215	4.8	8,340
Other prescription pharmaceuticals	359	591	174	347	152	-12.5	300
OTC pharmaceuticals	3,281	5,656	2,205	4,672	2,593	17.6	5,220
Medical devices	464	918	471	914	435	-7.7	830
Others	1,953	4,332	2,108	4,209	1,454	-31.0	2,340
Total net sales	46,452	90,252	46,153	89,857	45,084	-2.3	90,500

[Domestic]

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast
Prescription pharmaceuticals	36,824	72,010	35,947	70,868	36,964	2.8	75,310
Ophthalmic	32,699	64,009	31,826	62,717	32,688	2.7	66,840
Anti-rheumatic drugs	3,831	7,537	3,973	7,862	4,150	4.4	8,230
Other prescription pharmaceuticals	293	463	147	288	126	-14.1	250
OTC pharmaceuticals	3,252	5,623	2,195	4,657	2,583	17.7	5,200
Medical devices	431	853	457	877	416	-9.2	800
Others	562	1,245	644	1,073	316	-50.8	550
Total net sales	41,070	79,732	39,245	77,477	40,281	2.6	81,870
(Percentage of total net sales)	88.4%	88.3%	85.0%	86.2%	89.3%	-	90.5%

[Overseas]

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	% Change	3/2005 Forecast
Prescription pharmaceuticals	3,928	7,335	5,421	9,193	3,636	-32.9	6,790
Ophthalmic	3,824	7,112	5,344	9,027	3,545	-33.7	6,630
Anti-rheumatic drugs	37	94	49	106	65	31.1	110
Other prescription pharmaceuticals	65	128	27	58	26	-4.3	50
OTC drugs	29	32	9	14	9	3.8	20
Medical devices	32	65	13	37	19	39.0	30
Others	1,391	3,086	1,464	3,135	1,137	-22.3	1,790
Total overseas sales	5,382	10,519	6,908	12,380	4,802	-30.5	8,630
(Percentage of total net sales)	11.6%	11.7%	15.0%	13.8%	10.7%	-	9.5%

* Forecast...omit the figures after the million yen.

Breakdown by region



Breakdown by geographic segment

	Half year/year to	9/2002		3/2003		9/2003		3/2004		9/2004	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	42,496	91.5	81,857	90.7	40,424	87.6	79,338	88.3	41,669	92.4
	Europe	3,147	6.8	6,642	7.4	4,921	10.7	8,848	9.8	3,057	6.8
	Others	808	1.7	1,752	1.9	807	1.7	1,671	1.9	358	0.8
	Total	46,452	100.0	90,252	100.0	46,153	100.0	89,857	100.0	45,084	100.0
Operating expenses by geographic segment	Japan	32,198		61,865		30,692		60,004		30,925	
	Europe	5,438		11,442		6,714		12,603		3,877	
	Others	5,016		10,482		4,373		8,255		1,880	
	Total	42,653		83,790		41,780		80,863		36,683	
	Corporate and eliminations	-3,358		-6,234		-3,069		-5,531		-1,138	
Consolidated total	39,294		77,555		38,710		75,332		35,545		
Operating income by geographic segment	Japan	10,648		20,652		10,300		20,351		11,004	
	Europe	-1,797		-3,816		-1,286		-2,599		-16	
	Others	-379		-1,082		-194		-548		-307	
	Total	8,470		15,753		8,819		17,204		10,680	
	Corporate and eliminations	-1,312		-3,056		-1,376		-2,678		-1,140	
Consolidated total	7,158		12,697		7,443		14,525		9,539		

Europe: Finland, Germany and Sweden

Other: U.S., Taiwan and Korea

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

Overseas sales

	Half year/year to	9/2002		3/2003		9/2003		3/2004		9/2004	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		1,741	32.4	3,505	33.3	2,139	31.0	4,370	35.3	2,369	49.3
North America		2,192	40.7	4,649	44.2	3,441	49.8	5,813	47.0	858	17.9
Others		1,448	26.9	2,364	22.5	1,327	19.2	2,196	17.7	1,575	32.8
Total		5,382	100.0	10,519	100.0	6,908	100.0	12,380	100.0	4,802	100.0

Europe: Russia, Finland, Sweden, Germany and Norway

North America: U.S., 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

At half-year/year end	9/2002		3/2003		9/2003		3/2004		9/2004	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	85,726	56.7	83,431	56.7	80,036	56.4	91,230	60.7	89,905	61.1
Cash and deposits	31,414		23,136		21,529		33,629		33,068	
Notes receivable and accounts receivable	33,710		32,516		33,277		32,456		33,440	
Marketable securities	5,266		7,771		8,071		9,303		9,309	
Inventories	10,376		11,684		10,804		10,393		9,167	
Deferred tax assets	1,600		1,201		2,033		2,255		1,841	
Other current assets	3,498		7,262		4,624		3,448		3,094	
Allowance for doubtful receivables	-140		-141		-304		-256		-15	
Fixed assets	65,422	43.3	63,716	43.3	61,791	43.6	59,006	39.3	57,242	38.9
Tangible assets	42,593	28.2	40,850	27.8	38,896	27.5	37,237	24.8	35,653	24.2
Buildings and structures	17,786		20,351		21,291		20,577		19,809	
Machinery, equipment and vehicles	1,797		1,958		1,918		1,882		1,729	
Land	10,990		10,990		10,974		10,645		9,893	
Construction in progress	9,782		4,966		2,076		1,750		1,986	
Others	2,235		2,582		2,634		2,382		2,234	
Intangible assets	4,732	3.1	4,781	3.2	4,297	3.0	4,000	2.7	3,461	2.4
Goodwill	2,052		1,598		1,347		1,323		1,153	
Software	912		911		1,201		1,207		1,034	
Consolidation adjustments	15		13		12		10		8	
Others	1,751		2,256		1,735		1,458		1,265	
Investments and other assets	18,097	12.0	18,085	12.3	18,597	13.1	17,769	11.8	18,126	12.3
Investment securities	10,329		9,945		10,327		11,482		12,001	
Long-term deferred tax assets	2,554		2,331		2,190		1,814		1,991	
Others	5,227		5,808		6,079		4,476		4,136	
Allowance for doubtful receivables	-14		-0		-		-3		-3	
Total assets	151,149	100.0	147,147	100.0	141,828	100.0	150,237	100.0	147,148	100.0

Major changes at September 30, 2004 from March 31, 2004

Inventories: Due to the decrease of finished goods and raw materials , mainly.

Liabilities and shareholders' equity

Half year/year to	9/2002		3/2003		9/2003		3/2004		9/2004	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	46,260	30.6	39,637	26.9	22,202	15.6	27,153	18.1	22,014	15.0
Notes payable and accounts payable	4,680		5,476		3,963		5,039		5,201	
Current portion of convertible bonds	19,945		19,945		-		-		-	
Current portion of long-term debt	1,417		416		416		416		416	
Other payables	12,825		9,117		10,244		8,853		8,756	
Income taxes payable	2,535		1		3,677		8,132		3,173	
Consumption taxes payable	607		283		472		566		477	
Reserve for bonuses	2,173		2,432		2,135		2,228		2,149	
Other reserves	809		741		633		650		235	
Others	1,265		1,222		659		1,265		1,604	
Noncurrent liabilities	10,307	6.8	10,384	7.1	19,683	13.9	19,584	13.0	19,785	13.4
Long-term loans	2,897		2,686		12,478		12,270		12,062	
Other payables - long-term	-		86		79		84		87	
Reserve for retirement benefits	5,243		5,288		5,277		5,331		5,697	
Reserve for retirement benefits for directors	458		465		433		441		399	
Deffered tax liabilities	33		32		30		26		25	
Others	1,673		1,825		1,383		1,429		1,513	
Total liabilities	56,567	37.4	50,021	34.0	41,885	29.5	46,737	31.1	41,800	28.4
Common stock	6,214		6,214		6,214		6,214		6,227	
Capital surplus reserves	6,908		6,908		6,908		6,908		6,922	
Appropriated retained earnings	84,755		90,551		92,663		91,844		94,063	
Unrealized holding gains on securities	312		293		665		1,426		1,256	
Foreign currency translation adjustments	-3,584		-3,566		-3,230		-2,853		-3,078	
Treasury stock at cost	-25		-3,276		-3,277		-40		-44	
Total shareholders' equity	94,581	62.6	97,125	66.0	99,942	70.5	103,499	68.9	105,347	71.6
Total liabilities and shareholders' equity	151,149	100.0	147,147	100.0	141,828	100.0	150,237	100.0	147,148	100.0

Major changes at September 30, 2004 from March 31, 2004

Income taxes payable:	Decreased due to the payment of corporate tax in May , 2004.
Appropriated retained earnings:	Increased by net income of the first half of this year , 4,878 million yen , despite the payment of the year-end dividends of 2,637 million yen(30 yen per stock).

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004
I. Cash flows from operating activities:					
Net income before income taxes	4,698	9,947	6,030	13,774	8,316
Depreciation and amortization	2,079	4,311	2,214	4,521	2,163
Loss on impairment of assets	-	-	-	376	823
Increase/decrease in retirement and severance benefits	86	132	-11	43	366
Interest and dividends income	-156	-268	-141	-239	-140
Interest expenses	209	480	212	365	101
Increase/decrease in trade receivables	5,697	6,965	-999	-315	-966
Increase/decrease in inventories	1,967	647	871	1,342	1,145
Increase/decrease in account payable	-114	660	-1,586	-440	169
Other, net	1,710	-753	1,212	-666	-438
Subtotal	16,179	22,122	7,802	18,761	11,542
Interest and dividends income received	157	140	139	232	142
Interest expenses paid	-209	-458	-218	-328	-102
Insurance due date amount receivables	-	-	-	3,003	183
Income taxes paid	-3,489	-5,996	-111	-453	-8,129
Income taxes received	-	-	1,959	1,980	-
Net cash provided by operating activities	12,638	15,807	9,571	23,196	3,637
II. Cash flows from investing activities:					
Increase in fixed deposits	-377	-1,251	-398	-622	-967
Decrease in fixed deposits	398	1,810	605	915	1,453
Payments for acquisition of marketable securities	-1,954	-4,000	-3,399	-6,399	-999
Proceeds from sale of marketable securities	1,062	3,043	4,199	10,604	-
Payments for acquisition of fixed assets	-3,366	-7,045	-1,777	-3,225	-1,550
Proceeds from sale of fixed assets	-	-	1,726	3,770	542
Payments for investments in securities	-3,199	-3,703	-5	-510	-1,542
Proceeds from investments in securities	184	472	749	1,073	600
Other, net	835	723	-431	-359	6
Net cash used in investing activities	-6,416	-9,951	1,268	5,246	-2,057
III. Cash flows from financing activities:					
Increase in long-term debt	-	-	10,000	10,000	-
Repayment of long-term debt	-206	-1,420	-208	-416	-208
Repayment of Convertible Bonds	-	-	-19,945	-19,945	-
Purchases of treasury stock	-19	-3,273	-1	-3	-4
Proceeds from sale of treasury stock	-	-	-	0	0
Cash dividends paid	-906	-1,812	-879	-1,758	-2,637
Other, net	-	-	0	-	28
Net cash used in financing activities	-1,132	-6,507	-11,033	-12,122	-2,821
IV. Effect of exchange rate changes on cash and cash equivalents	-126	84	-29	49	43
V. Net increase/decrease in cash and cash equivalents	4,962	-566	-222	16,369	-1,197
VI. Cash and cash equivalents, beginning of year	25,619	25,619	25,053	25,053	41,422
. Cash and cash equivalents, end of year	30,582	25,053	24,831	41,422	40,225

Capital expenditures and number of employees



Capital expenditures

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	3/2005 Forecast
Consolidated	1,905	4,134	1,735	2,871	1,085	2,260
Non-consolidated	1,706	3,820	1,577	2,291	749	1,520

Note: 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 processes.
- Repairment of the Nara Research & Development Center to reinforce R&D.

Depreciation and amortization

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	3/2005 Forecast
Manufacturing cost	762	1,549	769	1,626	764	1,600
Selling, general and administrative expenses	348	699	359	746	374	800
R&D expenses	535	1,224	738	1,499	655	1,330
Others	47	164	15	40	18	30
Consolidated total	1,692	3,638	1,881	3,914	1,813	3,760
Non-consolidated	1,398	2,967	1,524	3,219	1,484	3,100

Lease expenses

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	3/2005 Forecast
Consolidated total	316	675	313	784	461	1,060
Manufacturing cost	284	588	246	656	398	930
Non-consolidated	316	675	313	784	461	1,060

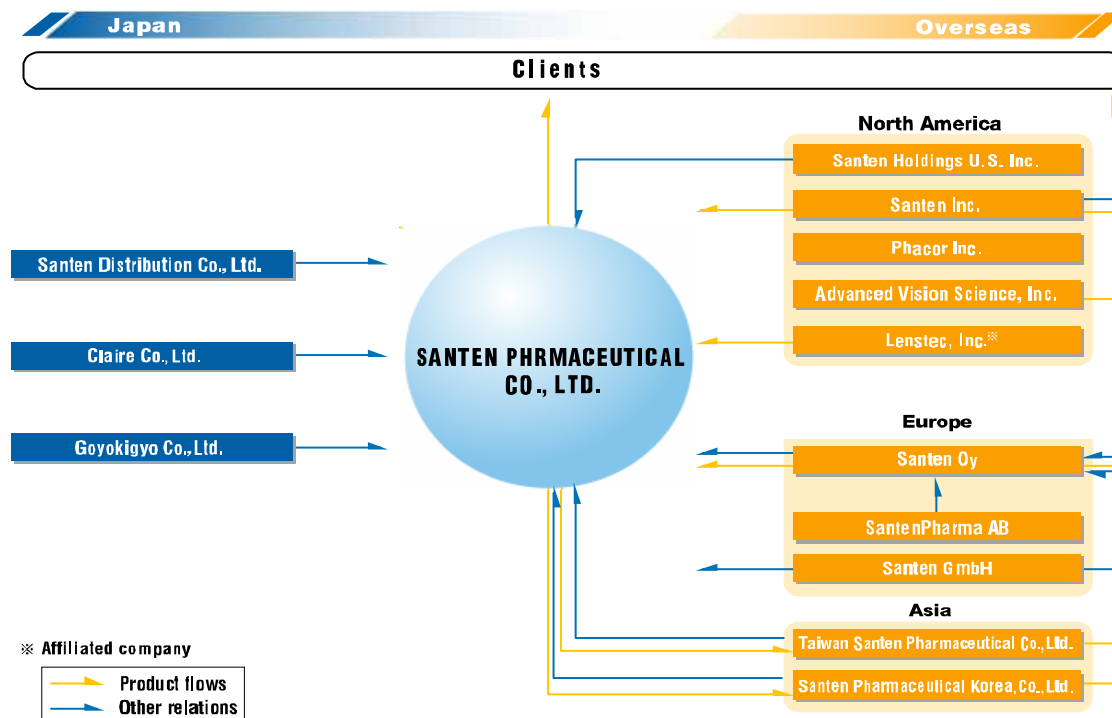
Number of employees

(number of people)

At half-year/year end	9/2002	3/2003	9/2003	3/2004	9/2004
Consolidated	2,505	2,500	2,471	2,335	2,359
Non-consolidated	1,749	1,740	1,750	1,694	1,719

Affiliated companies

Santen group



Consolidate subsidiaries [Domestic]

Santen Distribution Co., Ltd.					
Main business	Distribution and warehousing of pharmaceutical products				
Location	Osaka, Japan	Common stock	30 million yen	Equity owned	100%
Claire Co., Ltd.					
Main business	Cleaning of sterilized suit				
Location	Shiga, Japan	Common stock	90 million yen	Equity owned	100%
Goyokigyo Co., Ltd.					
Main business	Real estate				
Location	Osaka, Japan	Common stock	90 million yen	Equity owned	100%

[Overseas]

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

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

Phacor Inc.					
Main business	Development of medical devices				
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 and sale 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	Business development and development of pharmaceuticals				
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: * Lenstec Inc. is not affiliate company as of September 30,2004 due to the sales of its share owned by Santen Pharmaceutical Co.,Ltd.

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

Non-consolidated Information

Non-consolidated income statements

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous first-half year (%)
Net sales	42,770	82,372	40,928	80,227	41,897	2.3
Cost of sales	15,382	28,901	13,953	27,653	14,430	3.4
(Percentage of net sales)	36.0%	35.1%	34.1%	34.5%	34.4%	
Gross profit	27,387	53,471	26,975	52,573	27,467	1.8
(Percentage of net sales)	64.0%	64.9%	65.9%	65.5%	65.5%	
Selling, general and administrative expenses	18,238	36,141	18,215	35,103	17,690	-2.8
(Percentage of net sales)	42.6%	43.9%	44.5%	43.7%	42.2%	
(R&D expenses)	6,328	12,109	6,102	12,023	6,195	1.5
(Percentage of net sales)	14.7%	14.7%	14.9%	15.0%	14.7%	
Operating income	9,148	17,329	8,759	17,469	9,776	11.6
(Percentage of net sales)	21.4%	21.0%	21.4%	21.8%	23.3%	
Non-operating income	368	719	490	2,651	539	9.9
Non-operating expenses	612	1,037	929	1,439	94	-89.8
Ordinary income	8,905	17,011	8,320	18,680	10,221	22.8
(Percentage of net sales)	20.8%	20.7%	20.3%	23.3%	24.3%	
Extraordinary gain	0	16	489	682	237	-51.3
Extraordinary loss	2,219	14,728	793	5,058	1,006	26.8
Income before income taxes	6,686	2,299	8,016	14,305	9,452	17.9
(Percentage of net sales)	15.6%	2.8%	19.6%	17.8%	22.5%	
Income taxes - current	2,520	442	3,941	8,662	3,058	-22.4
Income taxes - deferred	348	985	-923	-1,533	386	141.7
Net income	3,817	871	4,998	7,176	6,008	20.2
(Percentage of net sales)	8.9%	1.1%	12.2%	8.9%	14.3%	

Selling, general and administrative expense

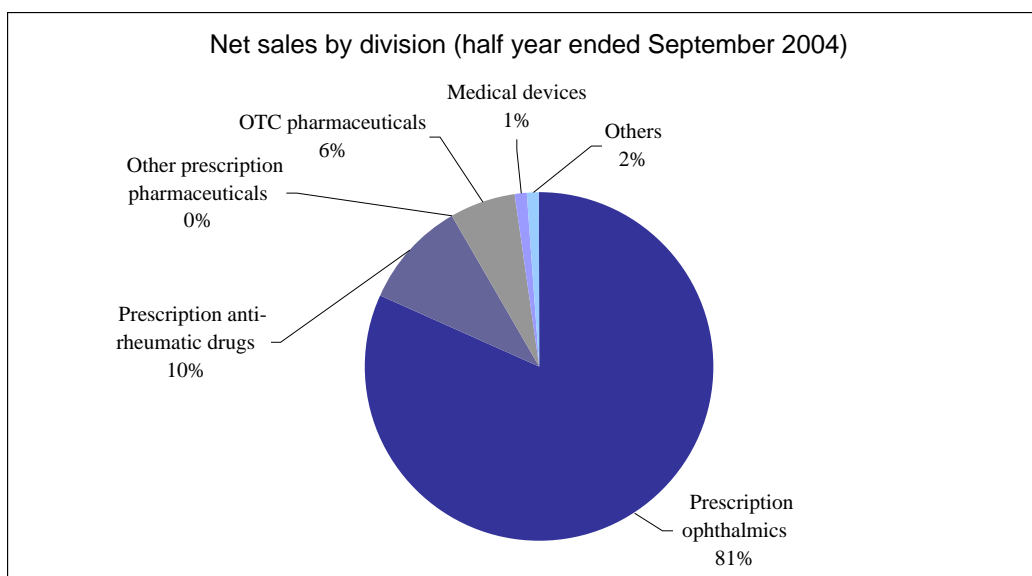
(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous first-half year (%)
Personnel expenses	4,087	8,746	4,272	8,432	4,364	2.1
Sales promotion expenses	929	2,399	913	2,212	1,008	10.4
Royalty expenses	1,040	1,951	1,011	1,943	1,055	4.3
Advertising expenses	973	1,655	1,141	1,542	1,006	-11.7
R&D expenses	6,328	12,109	6,102	12,023	6,195	1.5

Sales by division

(Millions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004	Change over previous first-half year (%)	3/2005 Forecast
Prescription pharmaceuticals	38,236	74,130	37,154	72,781	38,405	3.4	77,520
Ophthalmic	34,165	66,207	33,087	64,749	34,170	3.3	69,140
Anti-rheumatic drugs	3,869	7,631	4,022	7,969	4,215	4.8	8,340
Other prescription pharmaceuticals	201	291	43	62	19	-53.8	40
OTC pharmaceuticals	3,281	5,656	2,205	4,672	2,593	17.6	5,220
Medical devices	440	855	456	877	416	-8.8	800
Others	810	1,730	1,113	1,896	482	-56.7	1,060
Total net sales	42,770	82,372	40,928	80,227	41,897	2.4	84,600



Non-consolidated balance sheets

Assets

At half-year/year end	9/2002		3/2003		9/2003		3/2004		9/2004	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	78,189	48.5	75,794	51.3	75,180	52.0	84,293	56.1	84,763	56.8
Cash and deposits	26,775		18,353		17,724		28,577		31,413	
Notes receivable and accounts receivable	32,586		31,300		32,071		30,874		31,990	
Corporate income tax receivables	-		2,114		-		-		-	
Marketable securities	5,241		7,745		8,046		9,303		9,309	
Inventories	8,817		10,348		9,331		8,860		7,699	
Deferred tax assets	1,587		1,138		1,936		2,298		1,828	
Others	3,320		4,934		6,374		4,657		2,536	
Allowance for doubtful receivables	-139		-141		-304		-258		-14	
Fixed assets	83,099	51.5	72,075	48.7	69,497	48.0	65,946	43.9	64,547	43.2
Tangible assets	38,123	23.6	36,304	24.5	34,508	23.8	32,660	21.7	31,363	21.0
Building and structure	15,385		17,887		18,923		18,289		17,461	
Machinery, equipment and vehicles	880		857		872		805		717	
Tools, furnitures and fixtures	1,571		1,932		2,051		1,875		1,757	
Land	10,666		10,666		10,666		10,343		9,630	
Construction in progress	9,618		4,959		1,994		1,346		1,797	
Intangible assets	3,162	2.0	3,129	2.1	2,922	2.0	2,700	1.8	2,247	1.5
Patents	811		736		660		584		508	
Trademarks	900		839		779		717		657	
Goodwill	570		449		327		206		84	
Software	753		719		1,062		1,111		960	
Others	124		384		92		80		36	
Investments and other assets	41,814	25.9	32,641	22.1	32,065	22.2	30,585	20.4	30,936	20.7
Investment securities	11,196		10,819		10,069		11,425		11,997	
Investments in subsidiaries and affiliates	16,435		4,618		7,109		13,201		13,148	
Long-term loans	6,846		9,346		7,045		1		1	
Long-term deferred assets	2,225		2,052		1,909		1,669		1,868	
Otehrs	5,109		5,803		5,931		4,288		3,920	
Total assets	161,289	100.0	147,869	100.0	144,677	100.0	150,240	100.0	149,311	100.0

Major changes at September 30, 2004 from March 31, 2004

Notes receivable and accounts receivable: Due to the increase of accounts receivables by sales increase.

Inventories: Due to the main decrease of finished goods and raw materials.

Liabilities and shareholders' equity

At half-year/year end	9/2002		3/2003		9/2003		3/2004		9/2004	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	44,240	27.4	38,055	25.7	20,735	14.3	24,337	16.2	20,044	13.4
Accounts payable	4,325		5,122		3,640		4,436		4,773	
Current portion of convertible bonds	19,945		19,945		-		-		-	
Current portion of long-term debt	1,416		416		416		416		416	
Other payables	12,616		9,449		9,807		8,228		8,935	
Income taxes payable	2,443		-		3,664		8,075		3,120	
Consumption taxes payable	597		275		428		556		451	
Reserves	2,625		2,609		2,495		2,458		2,179	
Others	271		237		282		165		168	
Noncurrent liabilities	9,641	6.0	9,530	6.5	19,199	13.3	19,102	12.7	19,263	12.9
Long-term loans	2,894		2,686		12,478		12,270		12,062	
Reserve for retirement benefit	5,677		5,724		5,679		5,744		6,067	
Others	1,069		1,120		1,042		1,088		1,134	
Total liabilities	53,882	33.4	47,586	32.2	39,934	27.6	43,440	28.9	39,321	26.3
Common stock	6,214	3.8	6,214	4.2	6,214	4.3	6,214	4.1	6,227	4.2
Capital surplus reserves	6,908	4.3	6,908	4.6	6,908	4.8	6,908	4.6	6,922	4.6
Additional paid-in capital	6,908		6,908		6,908		6,908		6,922	
Other capital surplus reserves	-		-		-		0		0	
Appropriated retained earnings	93,996	58.3	90,143	61.0	94,232	65.1	92,291	61.4	95,640	64.1
Earnings reserve	1,551		1,551		1,551		1,551		1,551	
Reserve for retirement benefit	372		372		372		372		372	
Special depreciation reserve	180		180		325		325		294	
General reserve	84,109		84,109		84,109		84,109		84,109	
Unappropriated retained earnings	7,783		3,930		7,873		5,933		9,313	
Unrealized holding gains on securities	312	0.2	293	0.2	665	0.5	1,426	1.0	1,256	0.8
Treasury stock	-25	-0.0	-3,276	-2.2	-3,277	-2.3	-40	-0.0	-44	-0.0
Total shareholders' equity	107,406	66.6	100,283	67.8	104,742	72.4	106,800	71.1	110,002	73.7
Total liabilities and shareholders' equity	161,289	100.0	147,869	100.0	144,677	100.0	150,240	100.0	149,311	100.0

Major changes at September 30, 2004 from March 31, 2004

Income taxes payable: Decreased due to the payment of corporate tax in May, 2004.

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 Ofaquix	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 11 countries and was launched in five 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
Tafloprost	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 population.

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						

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

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 drugs.

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.

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 May 7, 2004

[Progress]

Brand name/dev. code	Indication	Region	Status change
Olmesartan/DE-092	Glaucoma/ocular hypertension	USA/Europe	In preparation for phase II to phase II
Gefarnate/ DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Japan	In preparation for clinical trials to phase I

[Discontinued study]

Product name	Indication	Region	Status before cancellation
Hyalein	dry eye	USA	In preparation for phase II

Discontinued development plan due to requirement of additional large-scale clinical trials and higher prospect of other dry eye candidate.

[Discontinued launch plan]

Product name	Product under development	Region
MD-13	Intraocular lens	Japan

Discontinued launch plan in consideration of marketability.

Number of employees in R&D

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

Pharmaceutical market in Japan

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)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004
Prescription ophthalmics	40.3% 97.1	38.9% 195.8	39.6% 97.3	39.0% 194.7	39.4% 100.3
Anti-rheumatic drugs	41.9% 10.7	42.1% 21.1	42.8% 11.1	42.5% 22.2	42.4% 11.7

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

Copyright IMS Japan KK, 2004

Source: Santen analysis based on IMS data

Period: 2002-2004; Unauthorized copy prohibited

Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2002	3/2003	9/2003	3/2004	9/2004
Anti-glaucoma	17.5% 35.0	17.3% 69.0	16.9% 35.5	16.7% 71.7	16.3% 37.6
Anti-infective	81.0% 14.9	80.9% 27.6	80.8% 14.1	81.0% 26.9	81.2% 14.1
Anti-allergy	16.9% 9.3	17.5% 25.0	21.2% 9.7	20.7% 20.8	23.4% 9.7
Agents for surgeries	40.1% 7.7	39.6% 14.8	39.4% 7.4	39.1% 14.5	39.9% 6.8
Corneal disease treatments	86.9% 9.3	85.4% 18.8	82.9% 10.1	82.4% 21.0	81.2% 11.4
Anti-cataract	52.7% 4.0	53.3% 7.7	54.7% 3.7	55.4% 7.1	56.7% 3.6
Corticosteroids	53.3% 5.8	53.1% 11.4	51.8% 5.6	51.6% 10.9	52.1% 5.6

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

Copyright IMS Japan KK, 2004

Source: Santen analysis based on IMS data

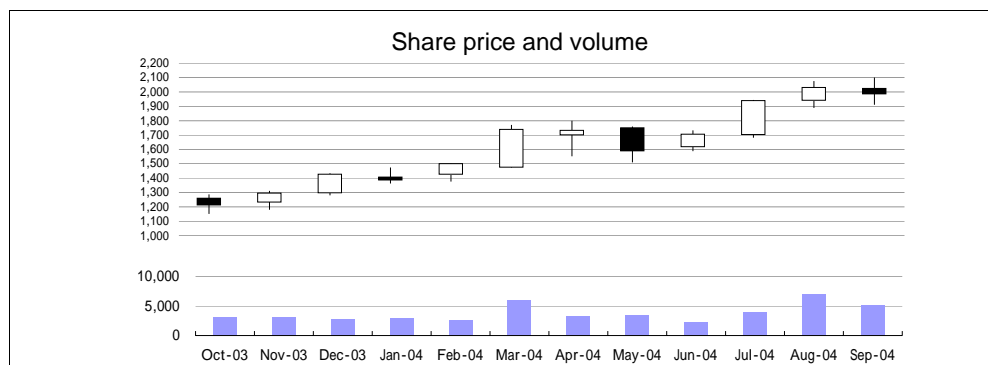
Period: 2002-2004; Unauthorized copy prohibited

Stock information

Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
Share price:												
Open	1,260	1,231	1,295	1,408	1,426	1,475	1,700	1,750	1,617	1,701	1,940	2,025
High	1,288	1,312	1,435	1,475	1,501	1,770	1,799	1,760	1,733	1,943	2,075	2,100
Low	1,152	1,180	1,280	1,362	1,376	1,475	1,552	1,510	1,588	1,681	1,888	1,910
End of month	1,211	1,295	1,427	1,386	1,500	1,740	1,733	1,587	1,706	1,940	2,030	1,985
Volume	3,182	3,154	2,886	3,026	2,675	5,930	3,344	3,438	2,286	3,930	7,047	5,123



Major shareholders

As of September 30, 2004

Name	Number of shares Held Thousand shares	Percentage of voting rights %
Northern Trust CO.(AVFC) Sub-account American Clients	7,596	8.7
Japan master Trust and Banking Co., Ltd.	5,233	5.9
Mita Sangyo Co., Ltd.	4,756	5.4
Japan Trustee Service Bank, Ltd.	4,620	5.3
Nippon Life Insurance Company	3,108	3.5
Northern Trust CO. AVFC Re U.S. tax exempted Pension Funds	2,971	3.4
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.	2,188	2.5

Shares, convertible bonds and stock option

At half-year/year end	3/2000	3/2001	3/2002	3/2003	3/2004	9/2004
Number of shares outstanding (thousand shares)	95,074	92,720	90,704	90,704	87,963	87,982
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	473	513.8
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	106	73	62	62	62	53
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66	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	82
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	-	-	-	-	137.6	137.6
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	-	-	-	-	-	78.2

Note: 1 The company repurchased and retired 2,378 thousand shares in March 2001 and 2,027 thousand shares in March 2002.

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.

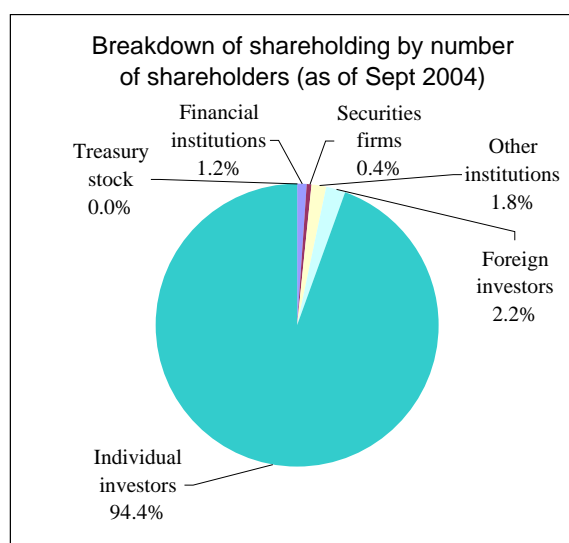
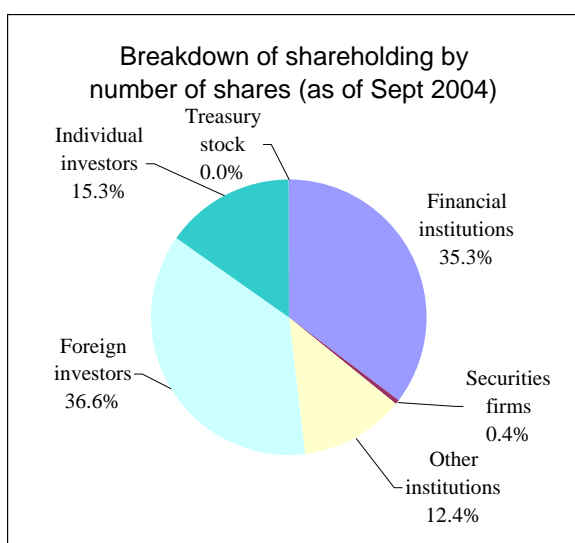
Breakdown of shareholding by number of shares

At half-year/year end	9/2002		3/2003		9/2003		3/2004		9/2004	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	38,284	42.2	36,302	40.0	32,568	35.9	30,740	34.9	31,089	35.3
City & regional banks	8,846	9.8	6,660	7.3	6,592	7.3	5,428	6.2	5,429	6.2
Trust banks	18,339	20.2	19,018	21.0	15,535	17.1	16,201	18.4	16,072	18.2
(concerned in trust works)	15,609		15,743	0	12,371		13,422		13,515	
Life and non-life insurance	10,527	11.6	10,414	11.5	10,012	11.0	9,007	10.2	9,542	10.8
Other financial institutions	571	0.6	208	0.2	428	0.5	103	0.1	46	0.1
Securities firms	343	0.4	293	0.3	661	0.7	368	0.4	330	0.4
Other institutions	10,277	11.3	10,555	11.6	10,585	11.7	10,512	12.0	10,944	12.4
Foreign investors	24,288	26.8	24,580	27.1	27,593	30.4	31,306	35.6	32,154	36.6
Individual investors	17,492	19.3	16,200	17.9	16,523	18.2	15,001	17.1	13,430	15.3
Treasury stock	18	0.0	2,771	3.1	2,773	3.1	33	0.0	36	0.0
Total	90,704	100.0	90,704	100.0	90,704	100.0	87,963	100.0	87,982	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

At half-year/year end	9/2002		3/2003		9/2003		3/2004		9/2004	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	97	1.2	98	1.2	88	1.0	83	1.0	86	1.2
City & regional banks	10	0.1	8	0.1	7	0.1	7	0.1	7	0.1
Trust banks	53	0.7	55	0.7	46	0.5	46	0.6	48	0.7
Life and non-life insurance	26	0.3	29	0.4	28	0.3	27	0.3	30	0.4
Other financial institutions	8	0.1	6	0.1	7	0.1	3	0.0	1	0.0
Securities firms	40	0.5	28	0.4	37	0.4	28	0.4	27	0.4
Other institutions	139	1.7	134	1.7	134	1.6	130	1.7	124	1.8
Foreign investors	110	1.3	119	1.5	127	1.5	122	1.5	153	2.2
Individual investors	7,883	95.3	7,493	95.2	8,134	95.5	7,498	95.4	6,608	94.4
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	8,270	100.0	7,873	100.0	8,521	100.0	7,862	100.0	6,999	100.0



News releases

News releases during April 2004-September 2004

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

- | (Date) | (Summary) |
|---------------|---|
| 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 started the 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 marketing and promotion of the product. |
| 20-Jul | Santen Launches Anti- rheumatic METOLATE Tablets 2mg
Santen launched the anti-rheumatic METOLATE Tablets 2mg (generic name: methotrexate) in Japan. METOLATE Tablets 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. |

