FY 2008 First Quarter Results

August 4, 2008

Santen Pharmaceutical Co., Ltd

FY 2008 First Quarter Consolidated Financial Results

Chief Financial Officer

Yoshihiro Noutsuka

Forward-looking statements: Information given in this announcement contains certain forward-looking statements. This outlook is based on estimations by the management executives at Santen Pharmaceutical Co., Ltd. Accordingly, actual results may differ significantly from the outlook and may be subject to change with fluctuations in market variables such as interest rates and foreign exchange rates, adverse economic conditions, medical regulatory change, timing of receiving new product approval and any other variances.

Consolidated Financial Result and Forecast

（billions of yen）

	FY 2007 Actual	FY 2008			Official Forecast*		
		1Q Actual	Var	Var %	2Q	Achievement %	Full year
Net sales	26.5	**25.4**	-1.1	-4.0 %	52.0	49.0%	104.0
Operating income	5.9	**-0.1**	-6.0	—	4.2	—	15.1
Ordinary income	6.2	**0.1**	-6.1	-97.9 %	4.7	2.8%	15.6
Net income	3.8	**0.1**	-3.7	-96.5 %	3.1	4.4%	9.8

***As of June 10, 2008**

Net Sales by Business Segment / Overseas Sales

■ Net sales by business segment

(billions of yen)

	FY 2008, 1Q Actual					
	Japan		Overseas		Total	
	Net sales	Var %	Net sales	Var %	Net sales	Var %
Prescription pharmaceuticals	20.38	-2.2 %	3.41	-7.2 %	23.79	-3.0 %
Ophthalmic	17.77	-3.1 %	3.40	-5.7 %	21.17	-3.5 %
Anti-rheumatic	2.55	3.8 %	-	-	2.55	1.1 %
Others	0.06	17.4 %	0.00	71.0 %	0.06	22.1 %
OTC	1.28	1.4 %	0.00	37.5 %	1.28	1.5 %
Medical devices	0.09	- 22.9 %	-	-	0.09	- 29.6 %
Others	0.05	-65.9 %	0.23	-48.4 %	0.28	-52.7 %
Total	21.81	-2.5 %	3.64	-11.9 %	25.46	-4.0 %

■Overseas Sales

(billions of yen)

	FY 2007 1Q Actual	FY 2008		
		1Q Actual	Var	Var %
Europe	2.25	2.24	-0.01	-0.4 %
North America	0.38	0.25	-0.13	-34.0 %
Asia	1.50	1.14	-0.36	-23.6 %
Total	4.14	3.64	-0.50	-11.9 %

Consolidated Net Sales : Variances

FY 2007 1Q

Net sales (actual) ¥26.52 billion

-1.06 billion

FY 2008 1Q

Net sales (actual) ¥25.46 billion

Japan - ¥0.57 billion

[Increase]

- Anti-rheumatic + ¥0.09 billion
- OTC + ¥0.02 billion

[Decrease]

- Prescription ophthalmic - ¥0.56 billion
- Medical devices - ¥0.02 billion
- Others - ¥0.09 billion

Overseas - ¥0.5 billion

[Increase]

- Europe - ¥0.01 billion
- North America - ¥0.13 billion
- Asia - ¥0.36 billion
  - China - ¥0.18 billion
  - Korea - ¥0.16 billion

Prescription ophthalmic (Japan)

- Anti-infective - ¥0.25 billon
- Dry-eye + ¥0.15 billon
- Glaucoma - ¥0.27 billion
- Anti-allergy - ¥0.08 billion
- Others - ¥0.15 billion

Europe

- Prescription ophthalmic - ¥0.03 billion
  - Western Europe + ¥0.09 billion
  - Northern Europe + ¥0.02 billion
  - Russia - ¥0.16 billion
- Contract manufacturing and other + ¥0.02 billion

North America

- Prescription ophthalmic + ¥0.12 billion
- Contract manufacturing and others - ¥0.25 billion

Summary of Changes in Income Statement

＜Exchange rate＞

	FY2007 1Q	FY2008 1Q
USD	¥120.69	¥104.22
EUR	¥160.23	¥160.19

（billions of yen）

	FY 2007 1Q Actual	FY 2008	
		1Q Actual	Var
Net sales	26.5	25.4	-1.1
Cost of sales	9.4	9.1	-0.3
(% of net sales)	35.5 %	35.9 %	0.4 ppt
Selling, general and administration expense	11.1	16.4	5.3
(% of net sales)	42.2 %	64.5 %	22.3 ppt
SGA expenses excl. R&D	8.0	7.9	-0.1
(% of net sales)	30.3 %	31.2 %	0.9 ppt
R&D expense	3.1	8.4	5.3
(% of net sales)	11.8 %	33.3 %	21.5 ppt
Operating income	5.9	-0.1	-0.6
(% of net sales)	22.3 %	-0.4 %	-22.7 ppt
Non-operating income	0.3	0.2	-0.1
Ordinary income	6.2	0.1	-6.1
Extraordinary loss	0.0	0.0	0.0
Net income before tax	6.1	0.1	-6.0
Income taxes	2.3	0.0	-2.3
Net income	3.8	0.1	-3.7

Segment Information

Net sales

（billions of yen）

	FY 2007 1Q Actual	FY 2008	
		1Q Actual	Var
Japan	23.7	22.7	-1.0
Europe	2.6	2.5	-0.1
Europe	2.2	2.2	0.0
United Stats	0.3	0.2	-0.1
Others*	0.1	0.1	0.0
Total	26.5	25.4	-1.1

Operating income

（billions of yen）

	FY 2007 1Q Actual	FY 2008	
		Actual	Var
Japan	6.3	0.4	-5.9
Europe	0.3	0.1	-0.2
Europe	0.1	0.0	-0.1
United Stats	0.1	0.0	-0.1
Others*	-0.2	0.0	0.2
Elimination	-0.5	-0.5	0.0
Total	5.9	-0.1	-6.0

*1: “Others” are U.S., China, Taiwan and Korea . Details of major sales and expenses of “ Others” are noted below.
Sales: Prescription pharmaceuticals in Taiwan and Korea　Expenses: R&D expenses for medical devices in the U.S.
Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).

Balance Sheet

（billions of yen）

	FY 2007		FY 2008		
	1Q Actual	% of total	1Q Actual	% of total	Var
Current assets	102.7	65.6 %	96.4	63.0 %	-6.3
Fixed assets	53.5	34.2 %	56.7	37.0 %	3.2
Deferred asset	0.2	0.2 %	0.0	0.0 %	-0.2
Total assets	156.5	100.0 %	153.1	100.0 %	-3.4
Current liabilities	26.5	17.0 %	25.1	16.4 %	-1.4
Non current liabilities	2.8	1.8 %	3.0	2.0 %	0.2
Total liabilities	29.4	18.8 %	28.2	18.4 %	-1.2
Total net assets	127.1	81.2 %	124.9	81.6 %	-2.2
Total liabilities net assets	156.5	100.0 %	153.1	100.0 %	-3.4

【Major changes】

-Current assets:

Cash and deposits - ¥7.3 billion, notes and accounts receivable-trade + ¥1.6 billion, deferred tax assets - ¥0.8 billion

-Fixed assets:

Marketable securities and investments (Appraisal profit) + ¥1.3 billion, deferred tax assets + ¥2.4 billion

-Current liabilities:

Other payable + ¥2.2 billion, corporate tax payable - ¥2.8 billion, allowance for bonus - ¥1.2 billion

-Net assets:

Unrealized gains on securities, net of taxes + ¥0.7 billion, retained earnings - ¥3.0 billion

Summary of Cash Flows

（billions of yen）

	FY 2008 1Q Actual
Cash and cash equivalents at the beginning of year	**51.6**
Net increase/decrease in cash and cash equivalents	**-9.5**
Cash flows from operating activities	**-3.7**
Cash flows from investing activities	**-2.9**
Cash flows from financial activities	**-3.2**
Effect of exchange rate changes on cash and cash equivalents	**0.3**
Cash and cash equivalents at the end of year	**42.0**

Note: “Cash and cash equivalents” include cash equivalents thus differ from “cash and deposits” in the Balance Sheets

Capital Expenditures / Depreciation and amortization / Lease Expenses

（billions of yen）

	FY 2007 1Q Actual	FY 2008	
		1Q Actual	Var
Capital Expenditures	**0.3**	**0.4**	**0.1**
Depreciation and Amortization	**0.7**	**0.8**	**0.1**
Lease	**0.2**	**0.2**	**0.0**

Major capital expenditures for FY 2008, 1Q

- Investment in constructing a manufacturing plant in China

Status of Clinical Development

August 4, 2008

Santen Pharmaceutical Co., Ltd.
Toshiaki Nishihata, Ph.D.

Senior Corporate Officer
Head of Research and Development Division

Forward-looking statements

The process of drug research and development from discovery to final approval and sales in long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted.

Status of major pipeline (ophthalmics)

- DE-085 (Glaucoma, Ocular hypertension)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	The First Committee on New Drugs by the Pharmaceutical Affairs and Food Sanitation Council (July 25)	Applied for manufacturing and marketing approval	Applied in July 2006
Europe	Launched* (June 2008～)	Approved	Approved* (April 2008～)

＊：Approved in Denmark, Germany, Austria, Finland, Czech Republic, Sweden. Launched in Germany.

U.S.	Deciding the possibility of NDA filing after detailed study of its marketability

Status of major pipeline (ophthalmics)

•DE-089 (Corneal and conjunctival epithelial disorders associated with dry eye)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	Applied for manufacturing and marketing approval	Preparing for application	Applied in May 2008

Status of major pipeline -Corneal and conjunctival epithelial disorders including dry eye-

•DE-101(Corneal and conjunctival epithelial disorders associated with dry eye)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
U.S.	P2	P2	Generic name: Rivoglitazone
Japan	P2	Preparing P2	

•DE-103 (Allergic conjunctivitis)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	P2	P2	PDE4 inhibitor

•DE-105 (Persistent corneal epithelial defects)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	P1	Pre-clinical	Combination of peptides

Status of major pipeline -Glaucoma, Ocular hypertension-

•DE-092

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Europe	P2 pilot study	P2 pilot study	Generic name: Olmesartan

• DE-090

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	P2	P2	Generic name: Lomerizine HCl

•DE-104

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
U.S.	P2	P2	ROCK inhibitor
Japan	P2	P2	

Status of major pipeline -Retina -

- DE-102 (Diabetes Macular Edema)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	P1 / 2a	P1 / 2a	Steroid DDS

- DE-109* (wet age related macular degeneration (wet AMD), diabetic macular edema (DME))

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	Preparing P1 / 2a	—	Generic name: Sirolimus

* Santen made a research and development collaboration and license agreement with MacuSight for the Japanese and Asian development and commercialization of sirolimus for the treatment of ocular diseases and conditions .

DE-109

■Sirolimus

・Sirolimus is originally known as rapamycin

・Sirolimus is a highly-potent, broad-acting compound that has demonstrated the ability to combat diseases through multiple mechanisms of action including immunosuppressive, anti-angiogenic, anti-migratory, anti-proliferative, anti-fibrotic, and anti-vascular permeability activity.

■Indication

・Wet age related macular degeneration (wet AMD)

・Diabetic macular edema (DME)

■MacuSight, Inc.(USA) Clinical Trials

・Phase Ⅰ:

Phase 1 clinical trials in patients with wet AMD and DME have shown MacuSight's proprietary formulation of sirolimus to be safe and well-tolerated in all doses tested when delivered by either subconjunctival or intravitreal injection.

Patients who participated in these studies exhibited improvements in visual acuity that were consistent with anatomical retinal changes following a single administration of sirolimus.

・Phase Ⅱ:

MacuSight is presently initiating a Phase 2 clinical trial of sirolimus in DME and preparing to initiate a Phase 2 study in wet AMD in the second half of 2008.

Status of major pipeline -Rheumatoid Arthritis-

- DE-098* (**Rheumatoid arthritis**)

Region	Development Stage		Remarks
	As of Aug. 4, 2008	As of May 9, 2008 (Previous announcement)	
Japan	P1 / 2a	P1 / 2a	Anti-APO-1 antibody
Europe	P1 / 2a	P1 / 2a	

*Domestic development rights was licensed to Argenes, Inc.
Santen holds the marketing rights in Japan and development and marketing rights in overseas.