



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2010

Year Ended March 31, 2010

Contact:

Corporate Communication Group
Tel: 06-6321-7007 Fax: 06-6321-8400
E-mail: ir@santen.co.jp
Stock Code: 4536

Contents



Financial highlights	2
■ Consolidated financial summary	2
■ Consolidated balance sheets summary	2
■ Consolidated financial indexes	2
■ Exchange rates	2
Consolidated information	4
Consolidated income statements	4
Income statements details	5
■ Major Selling, general and administrative expenses	5
■ Major Non-operating income and expenses	5
■ Major Extraordinary gain and loss	5
Sales details	6
■ Sales of major prescription pharmaceuticals	6
■ Sales by division	8
Breakdown by geographic segment	9
■ Breakdown by geographic segment	9
■ Overseas sales	9
Consolidated balance sheets	10
■ Assets	10
■ Liabilities and net assets	11
Consolidated statements of cash flows	12
Other consolidated information	13
■ R&D expenses	13
■ Capital expenditures	13
■ Depreciation and amortization	13
■ Lease expenses	13
■ Number of employees	13
Reference information	14
Research & development	14
■ Pipeline of prescription pharmaceuticals (Clinical studies)	14
■ Changes from February 2, 2010	15
Pharmaceutical market in Japan	16
■ Revision of National Health Insurance (NHI) drug prices	16
■ Market shares	16
■ Market shares by therapeutic area - prescription ophthalmics	16
Stock information	17
■ Stock price	17
■ Major shareholders	17
■ Major stock information	17
■ Breakdown of shareholding by number of shares	18
■ Breakdown of shareholding by number of shareholders	18
Consolidated subsidiaries	19
News releases	20

Financial highlights

■ Consolidated financial summary

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009	2011 Forecast	% Change 2011/2010
Net sales	98,397	100,485	103,394	101,618	110,594	8.8	108,500	-1.9
Operating income	20,995	20,412	20,370	15,494	29,640	91.3	26,300	-11.3
Ordinary income	21,507	20,843	20,702	15,935	29,862	87.4	27,000	-9.6
Net income	13,022	13,147	12,650	10,123	18,722	84.9	17,500	-6.5
Dividends per share (yen)	60	65	80	80	80	—	80	—
DOE (%)	4.4	4.4	5.4	5.4	5.2	—	—	—

■ Consolidated balance sheets summary

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Total assets	150,458	159,098	156,547	151,012	166,878	10.5
Net assets	118,637	128,645	127,118	125,368	137,603	9.8
Interest-bearing debts	5,614	5,446	5,278	699	617	-11.6

■ Consolidated financial indexes

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009	2011 Forecast	% Change 2011/2010
EPS (yen)	150.26	151.58	146.15	119.08	220.10	84.8	205.72	-6.5
BPS (yen)	1,368.27	1,481.83	1,494.48	1,472.32	1,614.08	9.6	—	—
Debt equity ratio (times)	0.05	0.04	0.04	0.01	0.00	—	—	—
PER (times)	18.8	20.0	15.9	23.0	12.7	—	—	—
PBR (times)	2.07	2.04	1.56	1.86	1.74	—	—	—
ROE (%)	11.5	10.6	9.9	8.0	14.3	—	—	—
ROA (%)	9.0	8.5	8.0	6.6	11.8	—	—	—
Equity ratio(%)	78.9	80.8	81.1	82.9	82.3	—	—	—
* Free cash flows (millions of yen)	18,772	11,404	12,316	8,896	24,795	178.7	—	—
* EBITDA (millions of yen)	25,258	25,890	25,172	20,098	32,084	59.6	—	—

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

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

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

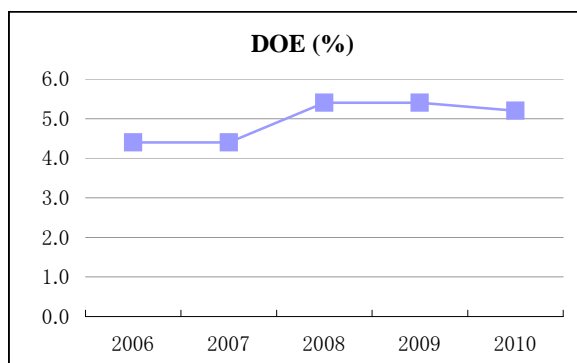
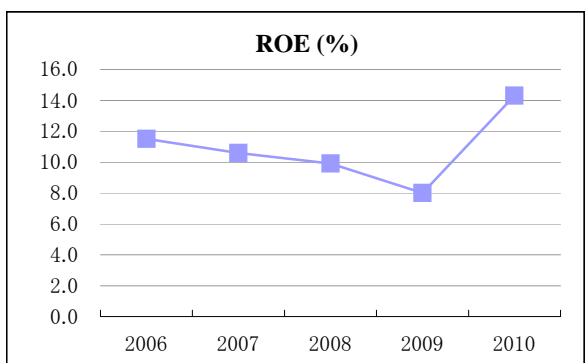
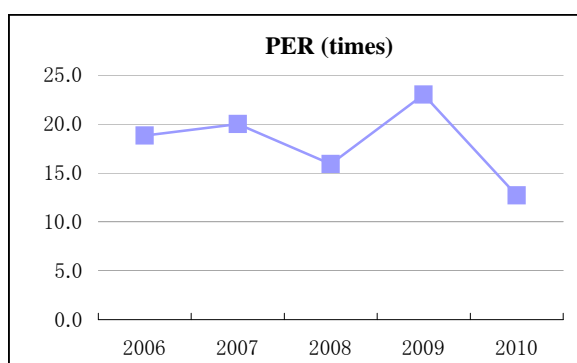
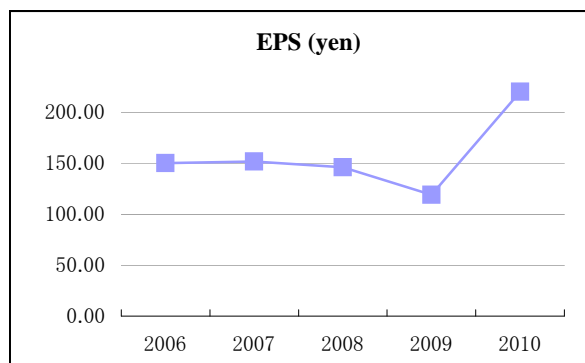
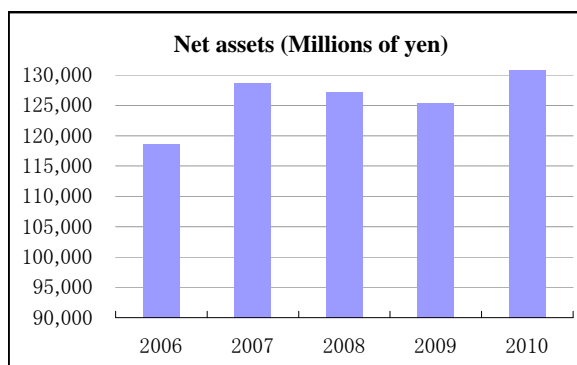
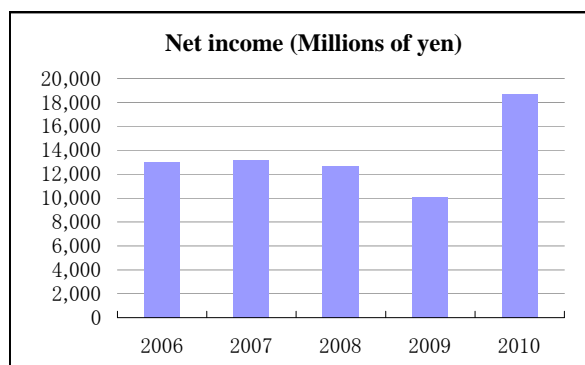
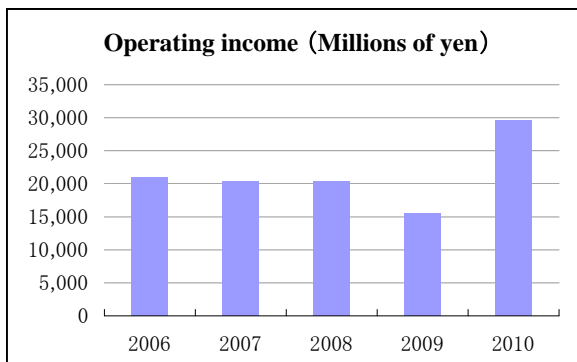
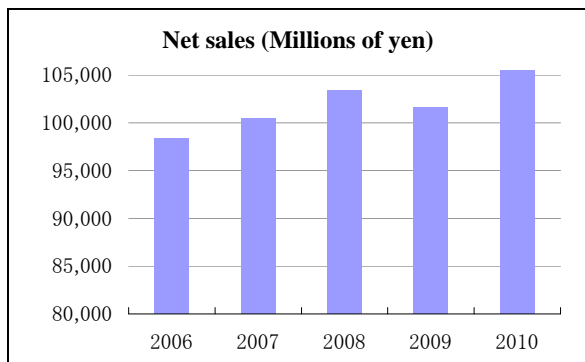
■ Exchange rates

(Yen)

	2006.3	2007.3	2008.3	2009.3	2010.3	2011.3 Forecast
Exchange rate: US dollar	113.42	116.86	114.29	100.81	92.79	90.00
: Euro	137.77	148.99	161.98	146.71	131.12	125.00
: RMB	-	-	-	14.86	13.70	13.30

*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

■ Consolidated Financial summary (Graph)



Consolidated information

Consolidated income statements

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Net sales	98,397	100,485	103,394	101,618	110,594	8.8
Cost of sales	34,534	35,483	36,513	35,947	34,710	-3.4
(Percentage of net sales)	35.1%	35.3%	35.3%	35.4%	31.4%	
Gross profit	63,863	65,001	66,880	65,671	75,884	15.6
(Percentage of net sales)	64.9%	64.7%	64.7%	64.6%	68.6%	
Selling, general and administrative expenses	42,868	44,589	46,510	50,177	46,244	-7.8
(Percentage of net sales)	43.6%	44.4%	45.0%	49.4%	41.8%	
R&D expenses	13,971	13,663	12,941	18,457	14,123	-23.5
(Percentage of net sales)	14.2%	13.6%	12.5%	18.2%	12.8%	
Operating income	20,995	20,412	20,370	15,494	29,640	91.3
(Percentage of net sales)	21.3%	20.3%	19.7%	15.2%	26.8%	
Non-operating income	1,024	1,138	1,356	1,430	842	-41.1
Non-operating expenses	511	707	1,024	989	620	-37.3
Ordinary income	21,507	20,843	20,702	15,935	29,862	87.4
(Percentage of net sales)	21.9%	20.7%	20.0%	15.7%	27.0%	
Extraordinary gain	53	250	237	18	74	304.7
Extraordinary loss	1,219	55	457	129	1,327	923.3
Income before income taxes	20,341	21,039	20,482	15,823	28,610	80.8
(Percentage of net sales)	20.7%	20.9%	19.8%	15.6%	25.9%	
Income taxes - current	7,999	7,902	8,145	8,269	10,687	29.2
Income taxes - deferred	-679	-10	-313	-2,568	-800	-68.9
Net income	13,022	13,147	12,650	10,123	18,722	84.9
(Percentage of net sales)	13.2%	13.1%	12.2%	10.0%	16.9%	

■ Major Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Personnel expenses*	11,195	12,197	13,220	13,089	13,347	2.0
Sales promotion expenses	3,662	3,944	4,184	4,084	4,172	2.2
Royalty expenses	2,058	2,203	2,211	2,116	2,497	18.0
Advertising expenses	1,623	1,807	2,671	1,878	1,637	-12.8
R&D expenses	13,971	13,663	12,941	18,457	14,123	-23.5

*Non-consolidated Basis. Not including that in R&D Division and Production Division.

■ Major Non-operating income and expenses

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Interest and dividend income	261	459	606	548	417	-23.9
Gain on insurance received	—	—	—	—	128	—
Interest expense	93	90	96	65	52	-19.1
Equity in losses of affiliates	—	—	—	679	106	-84.4

■ Major Extraordinary gain and loss

(Millions of yen)

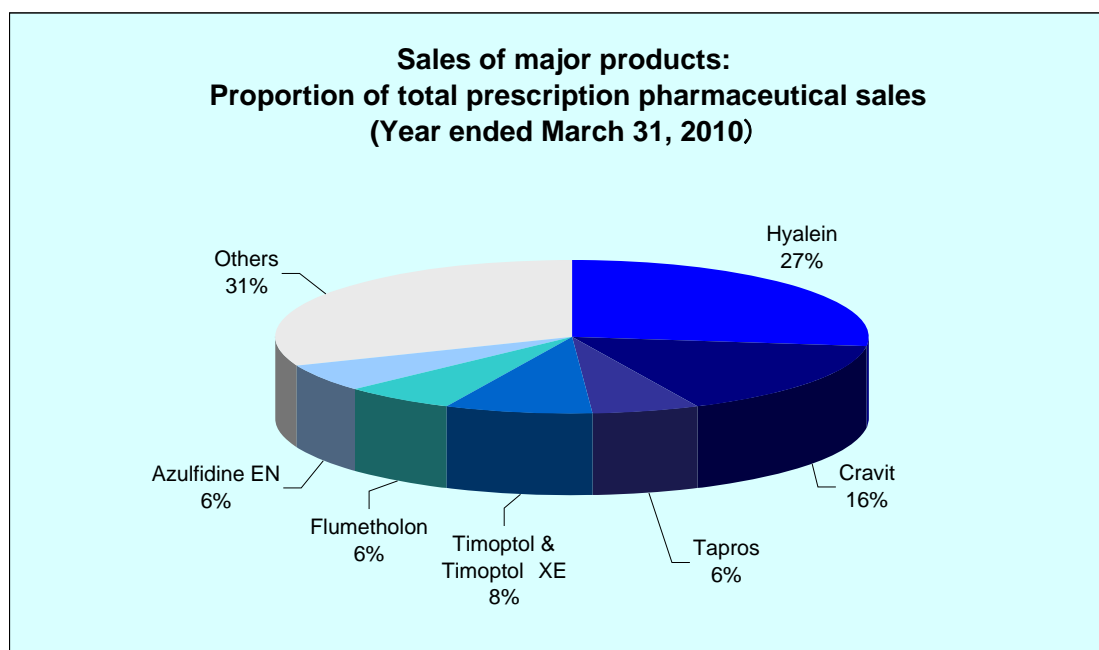
Year ended March 31	2006	2007	2008	2009	2010
Gain on sale of investment securities	—	237	—	—	74
Loss on impairment of fixed assets	909	—	316	—	397
Loss on sale of investment securities	—	—	—	37	197
Loss on valuation of investment securities	—	—	—	—	253
Equity in losses of affiliates	—	—	—	—	457

Sales details

■ Sales of major prescription pharmaceuticals

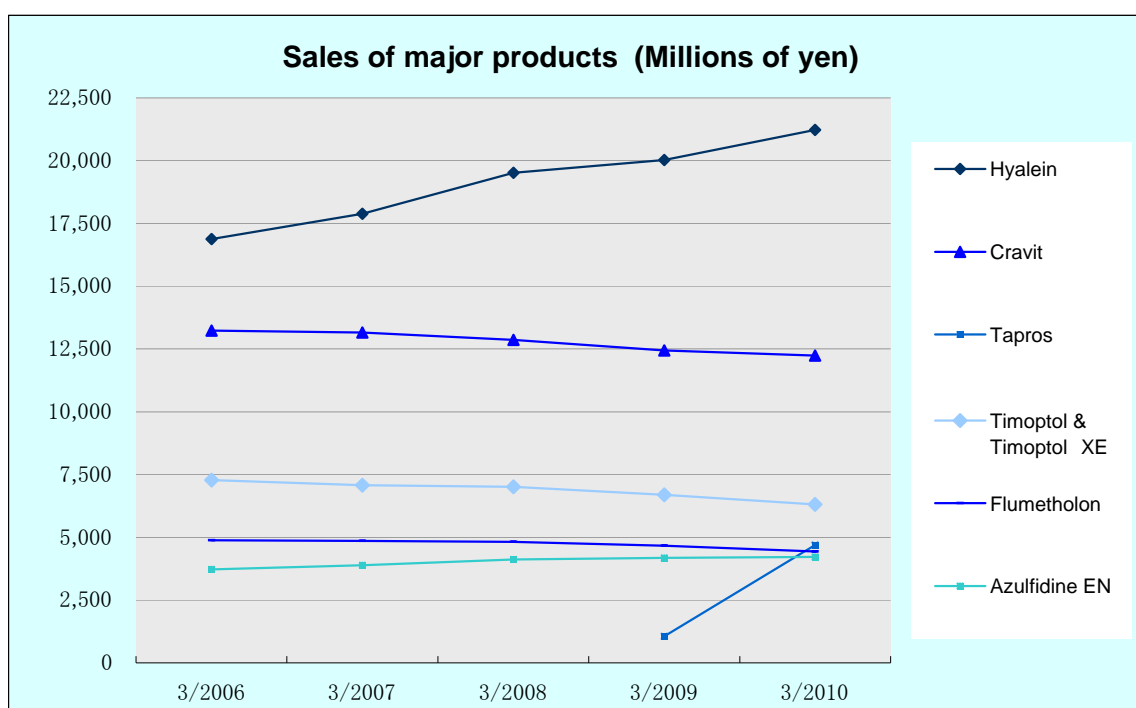
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	tafluprost/ophthalmic solution	Tapros	Japan	Dec-08
	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	bunazosin hydrochloride/ophthalmic solution	Detantol	Japan	Sep-01
	isopropyl unoprostone/ophthalmic solution	Rescula ※	Japan	Oct-94
Allergy	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
Corneal disease	sodium hyaluronate/ophthalmic solution	Hyalein	Japan	Jun-95
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
	bucillamine/tablet	Rimatil	Japan	Sep-87
Rheumatoid arthritis	salazosulfapyridine/enteric coated tablet	Azulfidine EN	Japan	Dec-95

※Rescula: This product, which was launched in October 1994, has been sold by Santen Pharmaceutical Co., Ltd. since October 2004.



(Millions of yen)

Year ended March 31					Year ended March 31		Brand name	
2006	2007	2008	2009	2010	% Change 2010/2009	2011 Forecast		% Change 2011/2010
13,227	13,155	12,864	12,443	12,240	-1.6	12,702	3.8	Cravit
4,100	3,524	3,139	2,488	2,423	-2.6	2,456	1.3	Tarivid
—	—	—	1,058	4,687	342.8	8,254	76.1	Tapros
4,210	3,816	3,574	3,213	2,832	-11.9	2,045	-27.8	Timoptol
3,072	3,258	3,432	3,477	3,475	-0.0	2,724	-21.6	Timoptol XE
2,226	2,288	2,337	2,283	2,168	-5.1	2,255	4.0	Detantol
5,152	5,127	4,880	4,386	3,669	-16.3	3,049	-16.9	Rescula
3,984	4,305	4,341	4,302	3,229	-24.9	3,287	1.8	Livostin
16,879	17,891	19,521	20,030	21,219	5.9	20,717	-2.4	Hyalein
4,879	4,854	4,821	4,671	4,432	-5.1	4,345	-2.0	Flumetholon
3,341	3,465	3,652	3,572	3,728	4.4	3,784	1.5	Kary Uni
2,746	2,839	3,204	3,236	3,431	6.0	3,154	-8.1	Opegan Hi
5,033	4,912	4,767	4,539	4,352	-4.1	3,971	-8.8	Rimatil
3,717	3,889	4,121	4,187	4,216	0.7	4,041	-4.2	Azulfidine EN



*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Sales details

■ Sales by division

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Prescription pharmaceuticals	90,251	91,849	95,322	94,538	97,049	2.7
Ophthalmic	80,922	82,152	85,426	84,488	86,867	2.8
Anti-rheumatic drugs	9,041	9,379	9,626	9,741	9,907	1.7
Other prescription pharmaceuticals	287	317	269	308	273	-11.2
OTC pharmaceuticals	5,247	5,307	5,451	5,225	5,251	0.5
Medical devices	638	537	414	622	963	54.8
Others	2,260	2,791	2,205	1,232	7,329	494.7
Total net sales	98,397	100,485	103,394	101,618	110,594	8.8

[Domestic]

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Prescription pharmaceuticals	80,308	80,743	82,088	82,270	82,694	0.5
Ophthalmic	71,215	71,272	72,319	72,357	72,666	0.4
Anti-rheumatic drugs	8,869	9,208	9,519	9,634	9,772	1.4
Other prescription pharmaceuticals	223	263	248	278	255	-8.1
OTC pharmaceuticals	5,227	5,286	5,430	5,218	5,232	0.3
Medical devices	618	515	401	622	963	54.8
Others	629	605	646	508	694	36.5
Total domestic sales	86,784	87,152	88,566	88,620	89,586	1.1
(Percentage of total net sales)	88.2%	86.7%	85.7%	87.2%	81.0%	—

[Overseas]

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	% Change 2010/2009
Prescription pharmaceuticals	9,942	11,105	13,234	12,268	14,354	17.0
Ophthalmic	9,706	10,880	13,106	12,131	14,201	17.1
Anti-rheumatic drugs	172	170	107	106	135	26.7
Other prescription pharmaceuticals	64	54	20	30	18	-39.5
OTC pharmaceuticals	20	20	20	6	18	179.9
Medical devices	19	21	13	—	—	—
Others	1,631	2,185	1,559	723	6,635	816.6
Total overseas sales	11,613	13,333	14,827	12,998	21,008	61.6
(Percentage of total net sales)	11.8%	13.3%	14.3%	12.8%	19.0%	—

Breakdown by geographic segment



■ Breakdown by geographic segment

Year ended March 31		2006		2007		2008		2009		2010	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	89,881	91.3	90,695	90.3	92,098	89.1	91,405	90.0	97,408	88.1
	Europe	8,155	8.3	9,186	9.1	10,617	10.3	9,452	9.3	9,786	8.8
	Others	360	0.4	604	0.6	678	0.6	761	0.7	3,399	3.1
	Total	98,397	100.0	100,485	100.0	103,394	100.0	101,618	100.0	110,594	100.0
Operating income by geographic segment	Japan	22,623		21,768		22,633		18,284		30,991	
	Europe	951		979		554		178		759	
	Others	-708		-754		-819		-661		456	
	Total	22,866		21,993		22,368		17,801		32,207	
	Corporate and eliminations	-1,871		-1,580		-1,997		-2,306		-2,566	
	Consolidated total	20,995		20,412		20,370		15,494		29,640	

Europe: Finland, Germany and Sweden

Others: U.S.A., China, Korea and Taiwan

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

■ Overseas sales

Year ended March 31		2006		2007		2008		2009		2010	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		6,089	52.4	6,916	51.9	8,532	57.5	8,310	64.0	8,714	41.5
North America		1,915	16.5	2,128	16.0	1,951	13.2	938	7.2	6,714	32.0
Asia		—	—	—	—	4,326	29.2	3,747	28.8	5,575	26.5
Others *		3,608	31.1	4,287	32.1	16	0.1	2	0.0	3	0.0
Total		11,613	100.0	13,333	100.0	14,827	100.0	12,998	100.0	21,008	100.0

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S.A.

Asia: Korea, China, Vietnam and Taiwan

Others: Australia etc.

* 'Others' before 2007 include the sales amount to the Asian region.

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	2006		2007		2008		2009		2010	
		%		%		%		%		%
Current assets	93,892	62.4	100,820	63.4	102,754	65.6	101,053	66.9	118,832	71.2
Cash and deposits	34,583		34,295		35,483		37,117		56,677	
Notes and accounts receivable-trade	34,423		35,034		35,614		36,011		35,268	
Marketable securities	11,201		16,914		15,868		11,396		8,998	
Inventories	9,837		10,357		11,332		12,235		13,623	
Deferred tax assets	1,651		1,625		1,699		1,941		2,166	
Other current assets	2,196		2,593		2,757		2,352		2,098	
Allowance for doubtful receivables	-1		-0		-1		-1		-0	
Fixed assets	56,552	37.6	58,228	36.6	53,548	34.2	49,959	33.1	48,046	28.8
Tangible assets	30,395	20.2	30,485	19.2	29,848	19.1	28,664	19.0	26,574	15.9
Buildings and structures	17,119		16,063		15,160		15,864		14,622	
Machinery, equipment and vehicles	2,021		1,817		2,656		2,432		1,994	
Land	9,063		8,842		8,558		8,678		8,418	
Leased assets	—		—		—		39		97	
Construction in progress	274		1,806		1,879		99		43	
Other tangibles	1,916		1,955		1,594		1,550		1,397	
Intangible assets	2,951	2.0	2,771	1.7	2,233	1.4	1,549	1.0	1,231	0.7
Software	1,035		1,660		1,602		1,355		1,158	
Other intangibles	1,915		1,111		630		193		72	
Investments and other assets	23,205	15.4	24,971	15.7	21,466	13.7	19,744	13.1	20,240	12.1
Investment securities	17,715		21,019		16,949		11,818		12,239	
Deferred tax assets	379		—		1,822		6,409		6,702	
Other assets	5,109		3,951		2,694		1,516		1,299	
Deferred assets	13	0.0	50	0.0	244	0.2	—	—	—	—
Total assets	150,458	100.0	159,098	100.0	156,547	100.0	151,012	100.0	166,878	100.0

Liabilities and net assets

(Millions of yen)

March 31	2006		2007		2008		2009		2010	
		%		%		%		%		%
Current liabilities	24,110	16.0	22,369	14.0	26,561	17.0	22,439	14.9	25,286	15.2
Notes and accounts payable-trade	5,630		6,089		5,633		6,018		5,600	
Short-term debt	—		—		—		545		543	
Current portion of long-term debt	168		168		5,168		110		—	
Other payables	9,308		8,572		7,690		7,414		7,936	
Income taxes payable	4,946		3,917		4,323		4,163		6,618	
Reserve for bonuses	2,483		2,477		2,612		2,590		2,687	
Other reserves	81		67		74		69		81	
Other current liabilities	1,492		1,077		1,057		1,528		1,819	
Noncurrent liabilities	7,710	5.1	8,084	5.1	2,867	1.8	3,203	2.1	3,988	2.4
Long-term debt	5,446		5,278		110		—		—	
Lease Obligations	—		—		—		43		74	
Retirement and severance benefits for employee	1,243		1,405		1,815		2,393		2,910	
Retirement and severance benefits for directors and auditors	462		513		487		505		456	
Deferred tax liabilities	20		426		17		20		15	
Other liabilities	537		460		437		240		531	
Total liabilities	31,820	21.1	30,453	19.1	29,429	18.8	25,643	17.1	29,275	17.5
Shareholders' equity	117,377	78.0	124,997	78.6	126,398	80.7	129,808	86.0	141,866	85.0
Common stock	6,319	4.2	6,382	4.0	6,418	4.1	6,457	4.3	6,538	3.9
Capital surplus reserves	7,014	4.7	7,077	4.5	7,113	4.5	7,152	4.7	7,233	4.3
Retained earnings	104,133	69.2	111,645	70.2	117,786	75.2	121,133	80.2	133,053	79.7
Treasury stock at cost	-90	-0.1	-106	-0.1	-4,920	-3.1	-4,934	-3.3	-4,958	-3.0
Valuation and translation adjustments	1,260	0.9	3,587	2.3	600	0.4	-4,628	-3.1	-4,524	-2.7
Unrealized gains on securities, net of taxes	3,995	2.7	5,202	3.3	2,273	1.5	-246	-0.2	136	0.1
Unrealized gains on hedging derivatives, net of taxes	—	—	3	0.0	—	—	—	—	—	—
Foreign currency translation adjustments	-2,735	-1.8	-1,618	-1.0	-1,673	-1.1	-4,381	-2.9	-4,660	-2.8
Stock subscription rights	—	—	59	0.0	119	0.1	188	0.1	260	0.2
Total net assets	118,637	78.9	128,645	80.9	127,118	81.2	125,368	82.9	137,603	82.5
Total liabilities and net assets	150,458	100.0	159,098	100.0	156,547	100.0	151,012	100.0	166,878	100.0

Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010
I. Cash flows from operating activities:					
Income before income taxes	20,341	21,039	20,482	15,823	28,610
Depreciation and amortization	4,824	4,761	4,593	4,209	3,421
Loss on impairment of fixed assets	909	—	316	—	397
Increase/decrease in retirement and severance benefits	-212	160	411	553	517
Interest and dividend income	-261	-459	-606	-548	-417
Interest expense	93	90	96	65	52
Equity in losses of affiliates	—	—	—	679	564
Increase/decrease in trade receivables	1,407	-414	-586	-916	698
Increase/decrease in inventories	-18	-356	-1,005	-1,334	-1,438
Increase/decrease in trade accounts payable	-495	400	-430	509	-248
Other, net	625	-1,717	-561	759	1,872
Subtotal	27,215	23,504	22,710	19,801	34,030
Interest and dividend income received	265	460	610	550	418
Interest expense paid	-95	-91	-94	-71	-46
Income taxes paid	-6,507	-8,914	-7,758	-8,431	-8,291
Net cash provided by operating activities	20,878	14,959	15,468	11,849	26,110
II. Cash flows from investing activities:					
Increase in fixed deposits	-803	-1,223	-1,518	-4,420	-2,236
Decrease in fixed deposits	1,041	553	2,160	3,358	1,937
Payments for acquisition of marketable securities	—	—	—	—	-3,599
Proceeds from sale of marketable securities	504	—	1,000	—	5,098
Payments for acquisition of fixed assets	-2,106	-3,555	-3,151	-2,953	-1,314
Proceeds from sale of fixed assets	29	600	5	2	2
Purchase of investment securities	-57	-2,208	-3,266	-2,080	-1,027
Proceeds from sale of investment securities	20	—	2,660	462	309
Payments for loans	—	-13	—	-300	-49
Proceeds from loans	1	—	—	311	49
Other, net	40	—	27	0	1
Net cash provided by investing activities	-1,330	-5,845	-2,083	-5,619	-829
III. Cash flows from financing activities:					
Proceeds from short-term debt	—	—	—	545	548
Repayment of short-term debt	—	—	—	—	-520
Repayment of long-term debt	-1,268	-168	-168	-5,168	-110
Purchase of treasury stock	-15	-16	-4,815	-15	-24
Dividends paid	-4,759	-5,632	-6,505	-6,798	-6,803
Other, net	143	126	73	63	157
Net cash provided by financing activities	-5,900	-5,691	-11,415	-11,373	-6,753
IV. Effect of exchange rate changes on cash and cash equivalents	75	313	-140	-569	-135
V. Net increase/decrease in cash and cash equivalents	13,723	3,736	1,828	-5,713	18,392
VI. Cash and cash equivalents at beginning of year	32,380	46,104	49,841	51,669	45,956
VII. Cash and cash equivalents at end of year	46,104	49,841	51,669	45,956	64,348

Other Consolidated information



■ R&D expenses

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	2011 Forecast
Consolidated	13,971	13,663	12,941	18,457	14,123	14,100
Percentage of net sales	14.2%	13.6%	12.5%	18.2%	12.8%	13.0%

■ Capital expenditures

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	2011 Forecast
Consolidated	1,420	2,716	2,758	2,744	1,228	2,790

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

■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	2011 Forecast
Manufacturing cost	1,546	1,494	1,635	1,822	1,701	1,600
Selling, general and administrative expenses	626	576	626	622	426	460
R&D expenses	1,157	1,212	1,091	946	945	820
Others	12	12	0	0	130	180
Consolidated	3,343	3,295	3,353	3,391	3,202	3,060

■ Lease expenses

(Millions of yen)

Year ended March 31	2006	2007	2008	2009	2010	2011 Forecast
Consolidated	1,104	1,064	1,042	931	527	190
Manufacturing cost	994	936	925	821	437	160

■ Number of employees

Year ended March 31	2006	2007	2008	2009	2010
Consolidated	2,312	2,409	2,483	2,690	2,756
Sales division	785	853	907	1,007	1,048
Production division	787	754	798	828	838
R&D division	483	533	519	541	557
Corporate or back-office division	257	269	259	314	313

*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

Reference information

Research & development

■ Pipeline of prescription pharmaceuticals (Clinical trials)

Generic name	Brand name/dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (1.5%)	DE-108	Bacterial conjunctivitis	Daiichi Sankyo	Japan				Feb-10		
A fluoroquinolone antibacterial agent with higher-concentration.										
Generic 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						Dec-08
				Europe						Jun-08
				U.S.					(Licensed Out)	
				Asia					Mar-10	
Prostaglandin derivative for treatment of glaucoma and ocular hypertension. Commercially launched in Japan in December, 2008. It has also been launched in Europe such as in Germany, Denmark, etc. Development rights in the U.S. have been granted to Merck in April, 2009. It has been launched in Hong Kong in March, 2010, and in Korea in May, 2010. Phase III clinical trials are currently being conducted in China.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Dry eye	Inspire Pharm.	Japan						Apr-10
				Asia						
A treatment for dry eye that stimulates the ocular surface to secrete mucin and tear fluid. It has a different mechanism of action from existing treatments. It has been approved for manufacturing and marketing in Japan in April, 2010. Phase III clinical trials are currently being conducted in China.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	Schering-Plough	Japan						
A new type of glaucoma treatment studied for inhibiting the progression of visual field defects. The only calcium antagonist in development as an oral glaucoma treatment. Compared with NMDA receptor antagonists, fewer systemic side effects are expected, thus having excellent safety. Marketed by Schering-Plough as a migraine treatment.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Daiichi Sankyo	U.S.	(Phase I / II)					
				Japan						
Expected to show a potent effect on corneal and conjunctival epithelial disorder mostly associated with dry eye by directly acting on the corneal and conjunctival epithelial cells. It has unique mechanism of action which differs from existing treatments.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-102	Diabetic macular edema	Co-development with Oakwood (U.S.)	Japan	(Phase I / II)					
A steroid microsphere product for a sustained release injection. Animal studies demonstrated sustained efficacy when injected around the affected area. Collaborated with Oakwood Laboratories (U.S.) for technical development in commercial scale.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-104	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.	(Phase I / II)					
				Japan						
A ROCK inhibitor co-developed with Ube Industries for treatment of glaucoma and ocular hypertension has a different action mechanism from any other existing drugs. Expected to show a strong IOP-reduction by promoting aqueous humor outflow by directly acting on trabecular meshwork cells.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-105	Persistent corneal epithelial defects	Original	U.S.						
				Japan						
Expected to accelerate corneal epithelial migration and demonstrate high safety for intractable persistent corneal epithelial defects compared with existing therapy.										
Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Sirolimus	DE-109	Wet age related macular degeneration(wet AMD)/ Diabetic macular edema(DME)	MacuSight (U.S.)	Japan	(Phase I / II)					
Subconjunctival or intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. 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.										

■ Pipeline of prescription pharmaceuticals (Clinical trials)

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-110	Allergic conjunctivitis	Original	U.S.						
A new type of anti-allergic agent with non-steroidal chemical structure. A selective glucocorticoid receptor agonist (SEGRA).										

Generic name	Dev. code	Indication	Original/Licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Centocor	Europe	(Phase I / II)					
				Japan	(Phase I / II)					
Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established. The compound had been in-licensed from Centocor. Clinical trials are being conducted in Japan and Europe.										

■ Changes from February 2, 2010

Dev. Code	Indication	Status change	Region of clinical trial
DE-108	Bacterial conjunctivitis	NDA Filed	Japan
Dev. Code	Indication	Status change	Region of clinical trial
DE-085	Glaucoma/Ocular hypertension	Launched	Hong Kong/Korea
Dev. Code	Indication	Status change	Region of clinical trial
DE-089	Dry eye	Approved	Japan
Dev. Code	Indication	Status change	Region of clinical trial
DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Started Phase I/II	U.S.

Pharmaceutical market in Japan

■ Revision of National Health Insurance (NHI) drug prices

(%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Industry average	-9.7	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%	—	mid -6%
Ophthalmic drugs	-7.5	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%	—	early -3%
Santen	-7.2	—	-5.7	—	-6.0	—	-3.2	—	-5.3	—	mid -3%	—	mid -5%

(Compiled by Santen)

Revision of NHI drug prices: In Japan, drug prices are generally revised every two years to reflect their market price. The drugs marketed at lower market prices will bear larger reduction margins at the revision.

■ Market shares

(Billions of yen)

Year ended March 31	2006	2007	2008	2009	2010
Prescription ophthalmics	40.9%	39.7%	38.9%	38.0%	37.3%
	213.1	214.4	221.0	226.9	234.9
Anti-rheumatic drugs	45.2%	46.3%	46.1%	45.0%	43.9%
	23.8	23.3	24.1	24.8	25.7

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

Copyright IMS Japan KK, 2010

Source: Santen analysis based on IMS data(JPM)

Period: 2005.4-2010.3; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Year ended March 31	2006	2007	2008	2009	2010
Anti-glaucoma	23.2%	22.1%	20.8%	20.3%	23.0%
	79.1	80.0	83.2	85.0	88.5
Anti-infective	78.3%	76.1%	73.6%	72.1%	71.0%
	26.7	26.0	25.7	25.0	24.0
Anti-allergy	24.8%	24.3%	22.7%	21.0%	19.8%
	24.7	24.8	25.4	28.2	24.0
Agents for surgeries	42.6%	42.8%	43.0%	42.8%	43.0%
	14.4	14.1	15.1	15.3	15.7
Corneal disease treatments	80.7%	79.3%	78.7%	77.7%	77.1%
	25.6	26.5	28.9	30.5	31.7
Anti-cataract	60.3%	62.6%	66.2%	68.8%	72.1%
	6.5	6.3	6.1	5.9	5.6
Corticosteroids	52.6%	51.4%	51.3%	50.7%	49.8%
	11.3	10.9	10.7	10.5	9.9

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

Copyright IMS Japan KK, 2010

Source: Santen analysis based on IMS data(JPM)

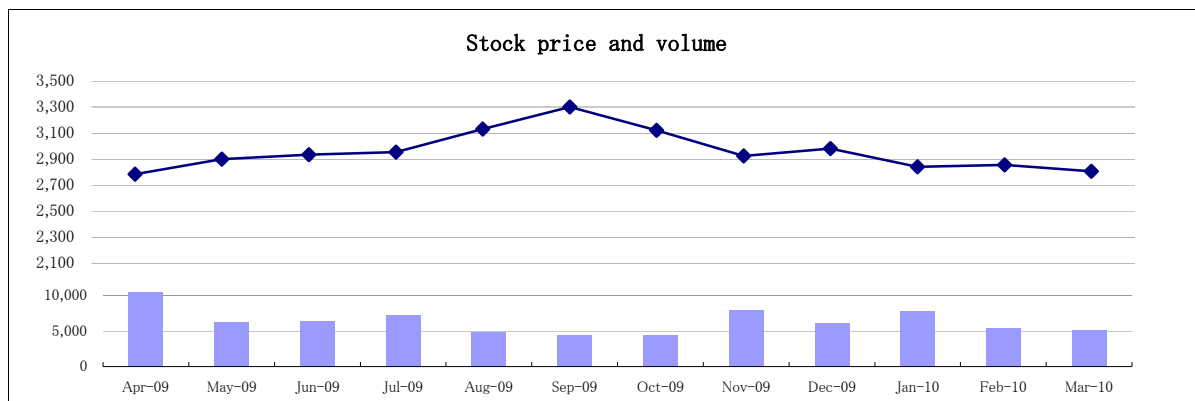
Period: 2005.4-2010.3; Unauthorized copy prohibited

Stock information

■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Stock price:												
End of month	2,785	2,900	2,935	2,955	3,130	3,300	3,120	2,925	2,980	2,841	2,855	2,806
Volume	10,477	6,230	6,351	7,304	4,913	4,393	4,392	7,992	6,079	7,731	5,387	5,161



■ Major shareholders

As of March 31, 2010

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	12,925	14.9
The Master Trust Bank of Japan, Ltd.	5,093	5.9
Mita Sangyo Co., Ltd.	4,756	5.5
Nippon Life Insurance Company	3,022	3.5
State Street Bank and Trust Company 505223	2,694	3.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,668	3.1
Trust & Custody Services Bank, Ltd.	2,147	2.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,120	2.4
RBC Dexia Investor Servicestrust, London-lending account	1,685	1.9
Daiichi Sankyo Company, Limited	1,642	1.9

Note: Santen Pharmaceutical Co., Ltd. has held the treasury stock (1,902 thousand shares), but it is excluded from the major shareholders.

■ Major stock information

Year ended March 31	2006	2007	2008	2009	2010
Issued shares (thousands)	86,751	86,825	86,866	86,916	86,992
Treasury stock (thousands)	45	50	1,888	1,893	1,902
Market Capitalization (million)	245,378	262,928	197,573	232,961	238,763
A purchased amount of money (millions of yen)	—	—	4,800	—	—
The number of the purchased stocks (thousand shares)	—	—	1,833	—	—

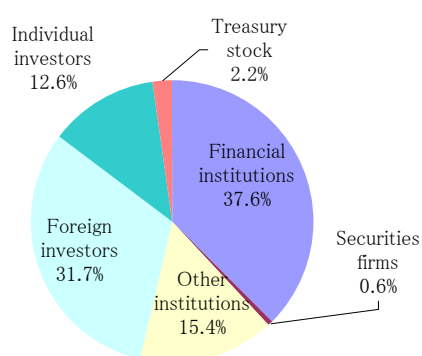
■ Breakdown of shareholding by number of shares

Year ended March 31	2006		2007		2008		2009		2010	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	29,514	34.0	30,366	35.0	33,186	38.2	36,226	41.6	32,693	37.6
City & regional banks	4,659	5.4	4,628	5.3	4,907	5.6	4,794	5.5	2,558	2.9
Trust banks	16,577	19.1	17,049	19.6	19,133	22.0	23,714	27.3	22,466	25.8
(concerned in trust works)	14,039		14,538		16,680		21,167		19,948	
Life and non-life insurance	8,004	9.2	8,470	9.8	8,924	10.3	7,254	8.3	7,022	8.1
Other financial institutions	274	0.3	217	0.3	221	0.3	462	0.5	645	0.7
Securities firms	865	1.0	1,486	1.7	585	0.7	526	0.6	518	0.6
Other institutions	11,823	13.6	12,375	14.2	13,014	15.0	13,071	15.0	13,392	15.4
Foreign investors	31,519	36.3	31,024	35.7	25,227	29.0	23,679	27.3	27,553	31.7
Individual investors	12,985	15.0	11,521	13.3	12,963	14.9	11,516	13.3	10,931	12.6
Treasury stock	45	0.1	50	0.1	1,888	2.2	1,893	2.2	1,902	2.2
Total	86,751	100.0	86,825	100.0	86,866	100.0	86,916	100.0	86,992	100.0

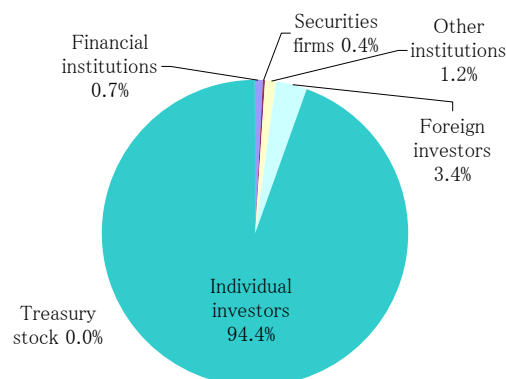
■ Breakdown of shareholding by number of shareholders

Year ended March 31	2006		2007		2008		2009		2010	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	107	0.8	88	0.9	88	0.6	81	0.7	81	0.7
City & regional banks	10	0.1	7	0.1	14	0.1	11	0.1	8	0.1
Trust banks	52	0.4	44	0.4	30	0.2	26	0.2	29	0.2
Life and non-life insurance	32	0.2	26	0.3	29	0.2	33	0.3	34	0.3
Other financial institutions	13	0.1	11	0.1	15	0.1	11	0.1	10	0.1
Securities firms	31	0.2	37	0.4	38	0.3	36	0.3	41	0.4
Other institutions	236	1.7	133	1.3	150	1.2	137	1.2	127	1.2
Foreign investors	255	1.9	306	3.0	268	2.1	355	3.2	366	3.4
Individual investors	12,927	95.4	9,451	94.4	12,568	95.8	10,570	94.6	10,296	94.4
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	13,557	100.0	10,016	100.0	13,113	100.0	11,180	100.0	10,912	100.0

Breakdown of shareholding by number of shares (as of March 2010)



Breakdown of shareholding by number of shareholders (as of March 2010)



Consolidated subsidiaries

【Domestic】

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

【Overseas】

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

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

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

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

Santen Oy					
Main business	Development, production and marketing of pharmaceuticals				
Location	Tampere, Finland	Paid-in capital	20,000 thousand euros	Equity owned	100%

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

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

Santen Pharmaceutical (China) Co., Ltd.					
Main business	Development, production and marketing of pharmaceuticals				
Location	Suzhou, China	Paid-in capital	3,300 million yen	Equity owned	100%

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

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

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

News releases

News releases during April 2009-March 2010

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

- | (Date) | (Summary) |
|---------------|---|
| 2009 | |
| 15-Apr | Santen and Merck & Co., Inc Sign Licensing Agreement for Tafluprost, Treatment for Glaucoma and Ocular Hypertension
Santen and Merck & Co., Inc (Whitehouse Station, New Jersey, U.S) signed a worldwide licensing agreement for tafluprost (sold as TAPROS® in Japan, TAFLOTAN® in approved European countries marketed by Santen), a treatment for glaucoma and ocular hypertension. |
| 12-May | Santen to Issue Stock Acquisition Rights to the Directors for the Purpose of Granting Stock Options
Santen to Issue Stock Acquisition Rights to the Corporate Officers for the Purpose of Granting Stock Options
Santen's Board of Directors on May 12, 2009 adopted a resolution to issue rights to subscribe for new shares as stock options without consideration to Santen directors and corporate officers. The resolution was approved at the 97th Annual General Meeting held on June 24, 2009. |
| 10-Nov | Revision of Financial Forecast
Santen Pharmaceutical Co., Ltd announces the variances between its business results for the first half of fiscal year 2009 which were announced today, and the forecasts previously announced on August 4, 2009, and it also announces that it has revised its financial forecasts for the full year of fiscal year 2009. |
| 2010 | |
| 2-Mar | Santen Files Manufacturing/Marketing Approval of its Broad Spectrum Anti-Infective Ophthalmic Solution DE-108 (Generic name: Levofloxacin, high
Santen Pharmaceutical Co., Ltd. announced that it had filed manufacturing and marketing approval in Japan of its broad spectrum anti-infective ophthalmic solution DE-108 (Generic name: Levofloxacin) with the Japanese Ministry of Health, Labour and Welfare as of February 10, 2010. |
| 2-Mar | Banyu and Santen Announce Co-Promotion Agreement for Combination Ophthalmic Solution, Treatment for Glaucoma and Ocular Hypertension
Banyu Pharmaceutical, Co., Ltd. and Santen Pharmaceutical, Co., Ltd. announced that they have concluded an agreement for co-promotion in Japanese domestic territory, for dorzolamide hydrochloride/ timolol maleate combination ophthalmic solution, a treatment agent for glaucoma and ocular hypertension, which is now under review for manufacturing and marketing approval by Banyu. |

