

February 2, 2016

SANTEN PHARMACEUTICAL CO., LTD.

Code : 4536

URL <http://www.santen.com>

Third Quarter Financial Results for the Fiscal Year Ending March 31, 2016 [IFRS] (Consolidated)

Akira Kurokawa, President and Chief Executive Officer

Contact : Christopher Hohman, General Manager, Corporate Communications Group

Tel : +81-6-4802-9360

E-mail : ir@santen.co.jp

(Figures are rounded to the nearest million yen)

1. Consolidated performance for the nine months ended December 31, 2015

(1) Operating results

(Percentage figures represent changes from same period of previous year.)

	Nine months ended December 31, 2015	Nine months ended December 31, 2014	% change
Revenue (millions of yen)	149,204	116,802	+27.7%
Operating profit (millions of yen)	74,421	25,993	+186.3%
Profit before tax (millions of yen)	74,460	26,305	+183.1%
Net profit for the period (millions of yen)	49,887	17,263	+189.0%
Net profit for the period attributable to owners of the company (millions of yen)	49,887	17,263	+189.0%
Total comprehensive income for the period (millions of yen)	56,251	23,153	+143.0%
Basic earning per share (yen)	120.59	41.80	
Diluted earnings per share (yen)	120.04	41.63	

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Basic earning per share and Diluted earnings per share are calculated based on the assumption that the stock split was conducted at April 1, 2014.

(2) Financial condition

	December 31, 2015	March 31, 2015
Total assets (millions of yen)	359,849	304,200
Total equity (millions of yen)	258,716	211,779
Total equity attributable to owners of the company (millions of yen)	258,716	211,779
Total equity attributable to owners of the company ratio	71.9%	69.6%
Equity per share attributable to owners of the company (yen)	625.11	511.14

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Equity per share attributable to the owners of the company is calculated based on the assumption that the stock split was conducted at April 1, 2014.

2. Dividends

	Year to March 2016	(Forecasts) Year to March 2016	Year to March 2015
First quarter dividends per share (yen)	—	—	—
Second quarter dividends per share (yen)	12.00	—	50.00
Third quarter dividends per share (yen)	—	—	—
Year-end dividends per share (yen)	—	12.00	60.00
Annual dividends per share (yen)	—	24.00	110.00

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, the dividends per share of Year to March 2015 are calculated based on the number of issued shares before the stock split.

3. Consolidated forecasts of results for the year ending March 31, 2016

(Percentage figures represent changes from same period of previous year.)

	Full year	(Full year) % change
Revenue (millions of yen)	197,500	+22.0%
Operating profit (millions of yen)	80,000	+126.2%
Profit before tax (millions of yen)	80,500	+124.5%
Net profit for the year (millions of yen)	53,000	+120.5%
Net profit for the year attributable to owners of the company (millions of yen)	53,000	+120.5%
Basic earning per share (yen)	128.12	

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Basic earning per share is calculated based on the number of issued shares after the stock split.

4. Consolidated forecasts of results for the year ending March 31, 2016 (core basis*1)

(Percentage figures represent changes from same period of previous year.)

	Full year	(Full year) % change
Revenue (millions of yen)	197,500	+22.0%
Core operating profit (millions of yen)	43,000	+10.0%
Core net profit for the year (millions of yen)	28,000	+7.9%
Core earning per share (yen)	67.68	

Note: The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Core earning per share is calculated based on the number of issued shares after the stock split.

*Others

(1) Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in adjustment to the scope of consolidation) : No

(2) Changes in accounting policies and accounting estimates

[i] Changes in the accounting policies required by IFRS : No

[ii] Other changes : No

[iii] Changes in accounting estimates : No

(3) Number of shares outstanding (common stock) :

[i] Number of shares outstanding at the end of period (including treasury shares)

December 31, 2015 : 413,894,515

March 31, 2015 : 413,265,515

[ii] Number of treasury stock at the end of period

December 31, 2015 : 22,369

March 31, 2015 : 19,225

[iii] Average number of outstanding shares (during the fiscal year ended December 31)

Third quarter ended December 31, 2015 : 413,682,088

Third quarter ended December 31, 2014 : 413,005,508

Note : The Company has conducted a 5-for-1 stock split with an effective date of April 1, 2015. However, Number of shares outstanding (common stock) is calculated based on the assumption that the stock split was conducted at April 1, 2014.

(Information regarding the implementation of quarterly review procedures)

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly consolidated financial statement review procedures based on the Financial Instruments and Exchange Law, are in progress.

(Information regarding adoption of International Financial Reporting Standards)

The company has adopted International Financial Reporting Standards (IFRS) effective from the fiscal year ended March 31, 2015. According to this adoption, the previous year's information is also based on IFRS.

(Caution)

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, delays in new products launch, currency exchange rate, legislative and regulatory developments.

***1 (core basis)**

Core results are non-IFRS measures that remove non-core items including amortization on intangible assets associated with products, other income and expenses, and financial income and expenses in order to provide greater transparency on underlying business performance.

Information regarding the Consolidated Performance of results for the nine months ended December 31, 2015 (core basis)

(Percentage figures represent changes from same period of previous year.)

	Nine months ended December 31, 2015	Nine months ended December 31, 2014	% change
Revenue (millions of yen)	149,204	116,802	+27.7%
Core operating profit (millions of yen)	35,122	28,361	+23.8%
Core net profit for the period (millions of yen)	23,615	18,661	+26.5%

Quarterly consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Revenue	116,802	149,204
Cost of sales	(41,430)	(56,731)
Gross profit	75,372	92,474
Selling, general and administrative expenses	(34,545)	(43,067)
Research and development expenses	(12,466)	(14,284)
Amortization on intangible assets associated with products	(2,614)	(4,589)
Other income	350	44,835
Other expenses	(104)	(948)
Operating profit	25,993	74,421
Finance income	740	761
Finance expenses	(428)	(723)
Profit before tax	26,305	74,460
Income tax expenses	(9,042)	(24,573)
Net profit for the period	17,263	49,887
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	—	—
Net gain on financial assets measured at fair value through other comprehensive income	2,424	6,689
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	3,466	(325)
Other comprehensive income	5,890	6,365
Total comprehensive income	23,153	56,251
Profit attributable to		
Owners of the company	17,263	49,887
Non-controlling interests	—	—
Net profit for the period	17,263	49,887
Total comprehensive income attributable to		
Owners of the company	23,153	56,251
Non-controlling interests	—	—
Total comprehensive income	23,153	56,251
Earnings per share		
Basic earnings per share (Yen)	41.80	120.59
Diluted earnings per share (Yen)	41.63	120.04

Quarterly consolidated statement of financial position

(Millions of yen)

	March 31, 2015	December 31, 2015
<u>Assets</u>		
Non-current assets		
Property, plant and equipment	29,104	29,257
Intangible assets	84,433	82,618
Financial assets	34,725	45,515
Deferred tax assets	2,978	2,414
Other non-current assets	2,288	2,053
Total non-current assets	153,528	161,856
Current assets		
Inventories	20,133	22,503
Trade and other receivables	61,701	68,708
Other financial assets	187	544
Other current assets	2,728	2,175
Cash and cash equivalents	65,923	104,062
Total current assets	150,672	197,993
Total assets	304,200	359,849

(Millions of yen)

	March 31, 2015	December 31, 2015
<u>Equity</u>		
Share capital	7,383	7,595
Capital surplus	8,077	8,289
Treasury shares	(18)	(24)
Retained earnings	178,840	219,216
Other components of equity	17,497	23,640
Total equity attributable to owners of the company	211,779	258,716
Total equity	211,779	258,716
<u>Liabilities</u>		
Non-current liabilities		
Financial liabilities	25,351	16,504
Net defined benefit liabilities	5,459	5,397
Provisions	1,444	1,678
Deferred tax liabilities	2,874	5,142
Other non-current liabilities	953	1,246
Total non-current liabilities	36,081	29,966
Current liabilities		
Trade and other payables	20,250	25,050
Other financial liabilities	19,298	19,469
Income tax payable	6,729	18,894
Provisions	1,197	1,356
Other current liabilities	8,866	6,399
Total current liabilities	56,340	71,168
Total liabilities	92,421	101,134
Total equity and liabilities	304,200	359,849

Quarterly consolidated statement of changes in equity

(Millions of yen)

	Other components of equity					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2014	7,264	7,959	(9)	162,727	—	4,118
Comprehensive income						
Net profit for the period				17,263		
Other comprehensive income						2,424
Total comprehensive income	—	—	—	17,263	—	2,424
Transactions with owners						
Issuance of new shares	63	63				
Acquisition of treasury shares			(7)			
Dividends				(8,259)		
Share-based payments						
Other				37		(37)
Total transactions with owners	63	63	(7)	(8,222)	—	(37)
Balance at December 31, 2014	7,327	8,022	(17)	171,769	—	6,504

	Other components of equity			Total equity attributable to owners of the company	Total Equity
	Foreign currency translation adjustments	Subscription rights to shares	Total		
Balance at April 1, 2014	4,752	399	9,269	187,210	187,210
Comprehensive income					
Net profit for the period			—	17,263	17,263
Other comprehensive income	3,466		5,890	5,890	5,890
Total comprehensive income	3,466	—	5,890	23,153	23,153
Transactions with owners					
Issuance of new shares		(18)	(18)	108	108
Acquisition of treasury shares			—	(7)	(7)
Dividends			—	(8,259)	(8,259)
Share-based payments		186	186	186	186
Other			(37)	—	—
Total transactions with owners	—	168	130	(7,973)	(7,973)
Balance at December 31, 2014	8,219	567	15,289	202,391	202,391

(Millions of yen)

	Other components of equity					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Net gain or loss on financial assets measured at fair value through other comprehensive income
Balance at April 1, 2015	7,383	8,077	(18)	178,840	—	11,944
Comprehensive income						
Net profit for the period				49,887		
Other comprehensive income						6,689
Total comprehensive income	—	—	—	49,887	—	6,689
Transactions with owners						
Issuance of new shares	212	212				
Acquisition of treasury shares			(5)			
Dividends				(9,925)		
Share-based payments						
Other				414		(414)
Total transactions with owners	212	212	(5)	(9,511)	—	(414)
Balance at December 31, 2015	7,595	8,289	(24)	219,216	—	18,220

	Other components of equity			Total equity attributable to owners of the company	Total Equity
	Foreign currency translation adjustments	Subscription rights to shares	Total		
Balance at April 1, 2015	5,000	553	17,497	211,779	211,779
Comprehensive income					
Net profit for the period			—	49,887	49,887
Other comprehensive income	(325)		6,365	6,365	6,365
Total comprehensive income	(325)	—	6,365	56,251	56,251
Transactions with owners					
Issuance of new shares		(57)	(57)	366	366
Acquisition of treasury shares			—	(5)	(5)
Dividends			—	(9,925)	(9,925)
Share-based payments		249	249	249	249
Other			(414)	—	—
Total transactions with owners	—	192	(222)	(9,315)	(9,315)
Balance at December 31, 2015	4,675	745	23,640	258,716	258,716

Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
<u>Cash flows from operating activities</u>		
Net profit for the period	17,263	49,887
Depreciation and amortisation	4,821	6,873
Impairment losses	33	356
Finance income and expenses	(531)	(552)
Income tax expenses	9,042	24,573
Gain on disposal of disposal groups	—	(44,477)
Decrease (increase) in trade and other receivables	(3,703)	(7,182)
Decrease (increase) in inventories	2,079	(2,559)
Increase (decrease) in trade and other payables	(2,841)	4,853
Increase (decrease) in net defined benefit liabilities	496	338
Other	631	(1,949)
Subtotal	27,291	30,160
Interest received	66	50
Dividends received	539	572
Interest paid	(47)	(70)
Income tax paid	(13,874)	(12,749)
Net cash flows from (used in) operating activities	13,974	17,963
<u>Cash flows from investing activities</u>		
Payments into time deposits	(83)	(21)
Proceeds from withdrawal of time deposits	180	21
Payments for acquisition of investments	(111)	(2,207)
Proceeds from sale and redemption of investments	2,947	1,310
Payments for acquisition of property, plant and equipment	(2,058)	(3,639)
Payments for acquisition of intangible assets	(62,585)	(1,630)
Proceeds on disposal of disposal groups	—	45,000
Other	42	8
Net cash flows from (used in) investing activities	(61,669)	38,842
<u>Cash flows from financing activities</u>		
Proceeds from short-term loans	35,000	—
Repayments of short-term loans	(35,000)	—
Proceeds from long-term loans	40,000	—
Repayments of long-term loans	(21)	(8,839)
Dividends paid	(8,182)	(9,826)
Other	99	332
Net cash flows from (used in) financing activities	31,896	(18,333)
Net increase (decrease) in cash and cash equivalents	(15,798)	38,472
Cash and cash equivalents at the beginning of the period	72,397	65,923
Effect of exchange rate changes on cash and cash equivalents	1,684	(333)
Cash and cash equivalents at the end of period	58,282	104,062

Segment information

1. Nine months ended December 31, 2014

(Millions of yen)

	<Reportable segment> Pharmaceuticals	Other (Note: 1)	Total	Adjustments	Consolidated total
Revenue:					
External customers	114,899	1,903	116,802	—	116,802
Intersegment	—	472	472	(472)	—
Total	114,899	2,375	117,274	(472)	116,802
Segment income(loss) (Note: 2)	26,120	(127)	25,993	—	25,993
				Finance income	740
				Finance expenses	(428)
				Profit before tax	26,305

Notes: 1. "Other" segment mainly includes medical equipment.

2. Segment income(loss) is based on operating profit.

2. Nine months ended December 31, 2015

(Millions of yen)

	<Reportable segment> Pharmaceuticals	Other (Note: 1)	Total	Adjustments	Consolidated total
Revenue:					
External customers	147,194	2,011	149,204	—	149,204
Intersegment	—	496	496	(496)	—
Total	147,194	2,506	149,700	(496)	149,204
Segment income(loss) (Note: 2)	75,202	(781)	74,421	—	74,421
				Finance income	761
				Finance expenses	(723)
				Profit before tax	74,460

Notes: 1. "Other" segment mainly includes medical equipment.

2. Segment income(loss) is based on operating profit.

<Reference>
Sales of major pharmaceuticals

(Millions of yen)

Brand name Generic name/formulation	Therapeutic category	Region	Year ended March 31, 2015			Year ending March 31, 2016			
			First nine months Actual	Year ended March 31 Actual	Changes from same period of previous year	First nine months Actual	Changes from same period of previous year	Year ending March 31 Forecasts	Changes from same period of previous year
Cravit levofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	10,532	13,399	-1.4%	11,528	9.5%	14,469	8.0%
		Japan	5,180	6,498	-20.5%	4,821	-6.9%	6,059	-6.8%
		Asia	4,240	5,423	31.0%	5,632	32.8%	6,992	28.9%
		Europe	1,113	1,478	16.4%	1,075	-3.4%	1,417	-4.1%
Tarivid ofloxacin/ophthalmic solution	Bacterial conjunctivitis	Total	1,592	1,910	-0.7%	1,465	-8.0%	1,824	-4.5%
		Japan	610	762	-20.2%	548	-10.2%	676	-11.4%
		Asia	982	1,147	18.5%	917	-6.6%	1,148	0.0%
Tapcom tafluprost-timolol maleate/ combination ophthalmic solution	Glaucoma	Total	222	381	-	1,123	405.4%	1,544	304.9%
		Japan	220	342	-	1,012	359.0%	1,354	295.4%
		Europe	2	39	-	111	-	190	387.8%
Tapros tafluprost/ophthalmic solution	Glaucoma	Total	9,303	12,330	-1.5%	12,044	29.5%	16,145	30.9%
		Japan	6,306	8,329	-7.0%	7,170	13.7%	9,348	12.2%
		Asia	598	817	57.1%	864	44.5%	1,225	50.0%
		Europe	2,399	3,185	4.8%	4,010	67.1%	5,571	74.9%
Cosopt dorzolamide hydrochloride-timolol maleate/combination ophthalmic solution	Glaucoma	Total	8,641	12,478	5.3%	15,711	81.8%	21,029	68.5%
		Japan	8,220	10,689	-9.8%	8,829	7.4%	11,534	7.9%
		Asia	394	892	-	1,908	383.7%	2,670	199.3%
		Europe	27	897	-	4,974	-	6,825	660.8%
Timoptol timolol maleate/ophthalmic solution	Glaucoma	Total	934	1,267	7.0%	1,538	64.7%	2,019	59.3%
		Japan	927	1,216	2.7%	964	4.0%	1,238	1.7%
		Asia	7	29	-	108	-	146	402.5%
		Europe	-	22	-	467	-	635	-
Timoptol XE timolol maleate/ long-acting ophthalmic solution	Glaucoma	Total	1,466	1,984	2.7%	1,971	34.4%	2,745	38.4%
		Japan	1,454	1,918	-0.7%	1,522	4.7%	1,927	0.5%
		Asia	11	27	-	66	505.8%	94	245.4%
		Europe	1	39	-	383	-	725	-
Trusopt dorzolamide hydrochloride/ ophthalmic solution	Glaucoma	Total	1,066	1,853	-	3,471	225.6%	4,538	145.0%
		Japan	1,036	1,545	-	1,725	66.6%	2,136	38.3%
		Asia	20	55	-	391	-	497	798.5%
		Europe	11	252	-	1,355	-	1,906	655.2%
Detantol bunazosin hydrochloride	Glaucoma	Japan	961	1,228	-20.7%	903	-6.0%	1,141	-7.1%
Rescula isopropyl unoprostone	Glaucoma	Japan	1,517	1,935	-9.9%	1,492	-1.7%	1,926	-0.5%
Alesion epinastine HCl/ophthalmic solution	Allergy	Japan	2,893	6,698	218.5%	4,510	55.9%	8,214	22.6%
Livostin levocabastine hydrochloride/ ophthalmic solution	Allergy	Japan	1,261	2,263	-10.7%	439	-65.2%	788	-65.2%
Hyalein sodium hyaluronate/ophthalmic solution	Corneal disease	Total	15,200	19,611	-8.4%	15,804	4.0%	20,640	5.3%
		Japan	11,932	15,316	-15.7%	11,627	-2.6%	14,782	-3.5%
		Asia	3,267	4,295	32.7%	4,177	27.8%	5,858	36.4%
Diquas diqafosol sodium/ophthalmic solution	Corneal disease	Total	5,860	7,895	-0.5%	7,228	23.3%	10,057	27.4%
		Japan	5,544	7,419	-5.3%	6,700	20.9%	9,172	23.6%
		Asia	316	476	344.8%	528	67.0%	885	85.9%
Flumetholon fluorometholone/ophthalmic solution	Inflammation	Total	2,800	3,811	-2.3%	2,883	3.0%	3,818	0.2%
		Japan	1,992	2,844	-7.5%	1,937	-2.7%	2,651	-6.8%
		Asia	808	967	17.5%	945	17.1%	1,167	20.7%
Kary Uni pirenoxine/ophthalmic solution	Senile cataract	Total	3,052	3,909	-1.7%	3,351	9.8%	4,325	10.6%
		Japan	2,268	2,908	-8.0%	2,296	1.2%	2,976	2.3%
		Asia	784	1,001	22.6%	1,055	34.6%	1,349	34.8%
Opegan Hi sodium hyaluronate/ adjuvant for ophthalmic operations	Adjuvant for ophthalmic operations	Japan	2,002	2,574	-10.2%	2,027	1.2%	2,608	1.3%
Eylea aflibercept/intravitreal injection	Intravitreal VEGF inhibitor	Japan	17,718	24,886	32.7%	31,203	76.1%	40,587	63.1%
OTC pharmaceuticals			4,962	6,705	4.1%	8,138	64.0%	10,173	51.7%

*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.

Research & development

■ Pipeline of prescription pharmaceuticals (Clinical Stage)

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Asia						Mar-10
				China						Jul-15

A prostaglandin $F_{2\alpha}$ derivative for the treatment of glaucoma and ocular hypertension. Since December 2008, launched in Japan, Europe, and the U.S. In Asia, launched in Hong Kong, Korea, Indonesia, and Singapore, etc. Acquired import drug license in China in July 2015.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched	
Diquafosol sodium	DE-089	Dry eye	Merck Sharp & Dohme Corp. (U.S.)	Korea						Oct-13	
				China					Jan-12		
				Asia						Jul-15	

A dry eye treatment which stimulates secretion of mucin and aqueous components from the corneal epithelium. Its mechanism of action is different from existing treatments. Launched in December 2010 in Japan and in October 2013 in Korea. NDA filed in China in January 2012. Marketing approval in Thailand in July 2015. Marketing approval in Vietnam in October 2015. Currently seeking sequential approvals for marketing in Asia.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Lomerizine HCl	DE-090	Glaucoma	MSD K.K.	Japan						

A new type of glaucoma treatment which inhibits the progression of visual field defects. It is the only calcium antagonist being development as an oral glaucoma treatment. Compared to NMDA receptor antagonists, it has excellent safety profile with mild systemic adverse drug reactions.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Sirolimus	DE-109	Uveitis	Original	U.S.						
				Japan						
				Europe					Feb-15	
				Asia					Apr-15	

An intravitreal injection with immunosuppressive effect, anti-angiogenic effect, etc. Phase 3 study is ongoing in multiple countries including the U.S. NDA filed in Europe in February 2015 and in Asia in April 2015.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched	
Tafluprost/ Timolol maleate	DE-111	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Europe						Jan-15	
				Korea						Jun-15	
				Asia						Mar-15	

A fixed dose combination drug of a prostaglandin $F_{2\alpha}$ derivative and a beta-adrenergic receptor blocker. Launched in Japan in November 2014. Approved successively in EU countries since October 2014 and launched since January 2015. Acquired import drug license in Korea in June 2015. NDA being filed in Asian countries successively.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-117	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	U.S.						
				Japan			(Phase 2b/3)			

An EP2 receptor agonist with a new mechanism of action. Completed Phase 2b in the U.S. in February 2015. Started Phase 2b/3 in Japan in December 2015.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Tafluprost	DE-118	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan						Oct-13
				Asia						Jun-15

A prostaglandin $F_{2\alpha}$ derivative for the treatment of glaucoma and ocular hypertension. Preservative-free, single dose type product. Launched in October 2013 in Japan. Acquired marketing approval in Hong Kong in June 2015, successively in Singapore, Taiwan, and Viet Nam. Seeking sequential approvals for marketing in Asian countries.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-120	Wet Age-related macular degeneration	Original	U.S.						

An intravitreal injection with dual inhibitor of VEGF and PDGF. Started Phase 2a in the U.S. in April 2015.

Generic name	Dev. code	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
(Undetermined)	DE-122	Wet Age-related macular degeneration	Tracon	U.S.		(Phase 1/2)				

An intravitreal injection of anti-endoglin antibody. Started Phase 1/2 in the U.S. in September 2015.

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Cyclokat	Severe keratitis in patients with dry eye	Original	Europe						Jul-15
				U.S.						
				Korea					Dec-2015	
				Asia					Nov-2015	
An ophthalmic emulsion which improves severe keratitis in adult patients with dry eye by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption. Lunched in Germany in July 2015 and planning successive launches in EU countries. NDA filed in Asian countries successively since November 2015 and in Korea in December 2015.										

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Ciclosporin	Vekacia	Vernal Keratoconjunctivitis	Original	Europe						
An ophthalmic emulsion which improves vernal keratoconjunctivitis by immunosuppressive effect. Cationic emulsion technology has enhanced ocular tissue absorption.										

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Latanoprost	Catioprost	Glaucoma/ Ocular hypertension	Original	Europe						
An ophthalmic emulsion of a prostaglandin $F_{2\alpha}$ derivative, for the treatment of glaucoma and ocular hypertension.										

Generic name	Dev. name	Indication	Original/Licensor	Region	P1	P2	P3	NDA Filed	Approved	Launched
Dexamethasone Palmitate	Cortiject	Diabetic macular edema	Original	Europe	(Phase 1/2)					
An intravitreal injection with anti-inflammatory effect.										

■ Changes since 2Q FY15 (November 4, 2015)

Dev. Code / name	Changes
DE-117	Started Phase 2b/3 in December 2015 (Japan).
Cyclokat	NDA filed in November (Asia). NDA filed in December 2015 (Korea).

Capital expenditures, Depreciation and amortization, and R&D expenses

■ Capital expenditures

(Millions of yen)

	Nine months ended December 31, 2014 Actual	Year ended March 31, 2015 Actual	Nine months ended December 31, 2015 Actual	Year ending March 31, 2016 Forecasts
Capital expenditures	2,586	5,383	3,088	5,000

■ Depreciation and amortization

(Millions of yen)

	Nine months ended December 31, 2014 Actual	Year ended March 31, 2015 Actual	Nine months ended December 31, 2015 Actual	Year ending March 31, 2016 Forecasts
Consolidated total	4,821	6,958	6,873	9,200
Manufacturing cost	1,095	1,446	1,071	1,440
Selling, general and administrative expenses	3,227	4,843	5,282	7,060
R&D expenses	499	669	520	700

Note: Depreciation and amortization of above are excluded amortization of long-term prepaid expenses.

■ R&D expenses

(Millions of yen)

	Nine months ended December 31, 2014 Actual	Year ended March 31, 2015 Actual	Nine months ended December 31, 2015 Actual	Year ending March 31, 2016 Forecasts
R&D expenses	12,466	17,477	14,284	20,500
Revenue ratio	10.7%	10.8%	9.6%	10.4%

*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.