

SANTEN PHARMACEUTICAL CO., LTD.

Code: 4536

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

Financial Results for the Fiscal Year Ended March 31, 2014 [Japan GAAP] (Consolidated)

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(Figures are rounded down to the nearest million yen)

1. Consolidated Performance for the fiscal year ended March 31, 2014

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

	Year to March 2014	Year to March 2013	% change
(1) Operating results			
Net sales (millions of yen)	148,663	119,066	24.9%
Operating income (millions of yen)	27,414	24,681	11.1%
Ordinary income (millions of yen)	27,924	25,602	9.1%
Net income (millions of yen)	17,109	16,520	3.6%

Note: Comprehensive income:

Fiscal year ended March 31, 2014: ¥ 25,378 million (16.8%)

Fiscal year ended March 31, 2013: ¥ 21,728 million (28.1%)

	Year to March 2014	Year to March 2013
Net income per share (yen)	207.29	195.81
Diluted net income per share (yen)	206.65	195.51
Net income to equity	9.9%	10.0%
Ordinary income to total assets	13.0%	12.9%
Operating income to net sales	18.4%	20.7%

Reference: Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2014: ¥ - million

Fiscal year ended March 31, 2013: ¥ - million

(2) Financial condition

	March 31, 2014	March 31, 2013
Total assets (millions of yen)	231,105	199,640
Net assets (millions of yen)	181,209	165,132
Equity ratio	78.2%	82.6%
Net assets per share (yen)	2,189.50	1,998.44

Reference: Equity at year-end (consolidated):

Fiscal year ended March 31, 2014: ¥ 180,810 million

Fiscal year ended March 31, 2013: ¥ 164,808 million

(3) Cash flows

	Year to March 2014	Year to March 2013
Cash flows from operating activities (millions of yen)	25,958	9,942
Cash flows from investing activities (millions of yen)	(6,694)	(4,595)
Cash flows from financing activities (millions of yen)	(7,953)	(21,557)
Cash and cash equivalents at end of year (millions of yen)	72,396	59,797

* Figures in parentheses indicate a decrease.

2. Dividends

	Year to March 2014	Year to March 2013	(Forecasts) Year to March 2015
Second quarter dividends per share (yen)	50.00	50.00	50.00
Year-end dividends per share (yen)	50.00	50.00	50.00
Annual dividends per share (yen)	100.00	100.00	100.00
Total dividends paid (full-year) (millions of yen)	8,225	8,468	—
Payout ratio (consolidated)	48.2%	51.1%	44.4%
Dividends paid on net assets (consolidated)	4.8%	5.1%	—

3. Consolidated Forecasts of results for the year ending March 31, 2015

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

	First half year	Full year	(Full year) % change
Net sales (millions of yen)	71,500	151,000	1.6%
Operating income (millions of yen)	12,600	28,000	2.1%
Ordinary income (millions of yen)	12,900	28,500	2.1%
Net income (millions of yen)	8,400	18,600	8.7%
Net income per share (yen)	101.77	225.35	

4. Others

(1) Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No

Note: Two companies, Santen Pharmaceutical Sales &Marketing (Suzhou) Co., Ltd. and Santen Pharmaceutical Asia Private Limited, have newly become our consolidated subsidiaries.

(2) Changes in accounting policies, accounting estimates and restatements

[i] Changes in the accounting policies resulting from amendments to accounting standards: No

[ii] Changes other than [i] above: Yes

- Change in depreciation method for property, plant and equipment

The Company and its domestic subsidiary have changed depreciation method for property, plant and equipment from the declining-balance method (however, straight-line method was applied to buildings (other than leasehold improvements) acquired on or after April 1, 1998) to the straight-line method, from the first quarter of the current fiscal year.

As a result of this change, the major effects on the company's consolidated financial statements for the fiscal year ended March 31, 2014 are as follows:

- Depreciation and amortization decreased by ¥745 million;
- Operating income increased by ¥602 million; and
- Ordinary income and income before income taxes increased by ¥613 million each.

-Application of Accounting standards and relevant regulations

• The "Accounting Standard for Retirement Benefits"(ASBJ Statement No.26, May 17, 2012)

• The "Guidance on Accounting Standard for Retirement Benefits"(ASBJ Guidance No.25, May 17, 2012)

The Company and its subsidiaries applied the accounting standard and relevant regulations from the beginning of this fiscal year.

As a result of this application, accumulated other comprehensive income decreased by ¥1,713 million and retained earnings increased by ¥227 million at the beginning of this fiscal year.

There are no material effects on the company's operating results for the fiscal year ended March 31, 2014.

[iii] Changes in the accounting estimates: Yes

[iv] Restatements: No

(3) Number of shares outstanding (common stock)

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

March 31, 2014 : 82,582,903

March 31, 2013 : 82,469,103

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

March 31, 2014 : 2,324

March 31, 2013 : 900

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

Fiscal year ended March 31, 2014 : 82,536,936

Fiscal year ended March 31, 2013 : 84,367,711

(Reference)**1. Non-consolidated Performance for the fiscal year ended March 31, 2014**

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

	Year to March 2014	Year to March 2013	% change
(1) Operating results			
Net sales (millions of yen)	128,718	106,647	20.7%
Operating income (millions of yen)	29,220	25,573	14.3%
Ordinary income (millions of yen)	29,747	26,404	12.7%
Net income (millions of yen)	19,861	17,702	12.2%
Net income per share (yen)	240.63	209.82	
Diluted net income per share (yen)	239.90	209.49	
(2) Financial condition	March 31, 2014	March 31, 2013	
Total assets (millions of yen)	219,406	194,464	
Net assets (millions of yen)	180,598	166,203	
Equity ratio	82.1%	85.3%	
Net assets per share (yen)	2,182.10	2,011.42	

*Reference: Equity at year-end:**Fiscal year ended March 31, 2014: ¥ 180,199 million**Fiscal year ended March 31, 2013: ¥ 165,878 million***(Information regarding the implementation of audit procedures)**

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

(Information regarding the unification of accounting period)

The accounting period of Santen group was unified to March 31 from the fiscal year ended March 31, 2014. Due to this unification, the accounting periods of some subsidiaries have been changed. 1. Consolidated Performance for the fiscal year ended March 31, 2014 above is the consolidated performance AFTER reflecting the unification of accounting period. Regarding the detail of the unification of accounting period, please refer to the below.*1

(Information regarding the application of accounting standards)

We plan to voluntarily adopt International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2015 as announced February 4, 2014, but the Consolidated Forecasts of results for the year ending March 31, 2015 above was prepared under Japanese Generally Accepted Accounting Principles (J-GAAP). Regarding the Consolidated Forecasts of results for the year ending March 31, 2015 under IFRS, please refer to the below.*2

(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 (Information regarding the unification of accounting period)**

(1) Consolidated Performance for the fiscal year ended March 31, 2014 BEFORE reflecting the unification of accounting period

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

	Year to March 2014	Year to March 2013*	% change
Net sales (millions of yen)	146,013	119,066	22.6%
Operating income (millions of yen)	28,835	24,681	16.8%
Ordinary income (millions of yen)	29,332	25,602	14.6%
Net income (millions of yen)	18,922	16,520	14.5%
Net income per share (yen)	229.26	195.81	
Diluted net income per share (yen)	228.56	195.51	

Note: Comprehensive income:

Fiscal year ended March 31, 2014: ¥ 29,111 million(34.0%)

Fiscal year ended March 31, 2013: ¥ 21,728 million(28.1%)

* "Year to March 2013" is not reflected the unification of accounting period.

(2) Detail of the unification of accounting period

The accounting period of each company is as follows:

	Accounting period	
	Before unificaion	After unificaion
Santen Pharmaceutical Co., LTD.	March	No change
Claire Co., Ltd.	March	No change
Santen Holdings U.S Inc.	March	No change
Santen Inc.	March	No change
Advanced Vision Science, Inc.	March	No change
Phacor Inc.	March	No change
Santen Holdings EU B.V.	March	No change
Santen Oy	February	March
Santen S.A.S.	December	March
Santen GmbH	February	March
SantenPharma AB	February	March
Santen Pharmaceutical (China)Co., Ltd.	December	December*
Santen Pharmaceutical Sales &Marketing (Suzhou) Co., Ltd.*	December	December*
Santen Pharmaceutical Korea Co., Ltd.	February	March
Taiwan Santen Pharmaceutical Co., Ltd.	February	March
Santen India Private Limited	March	No change
Santen Pharcaceutical Asia Private Limited	March	No change

* Santen Pharmaceutical (China) Co., Ltd. and Santen Pharmaceutical Sales & Marketing (Suzhou) Co., Ltd. will prepare additional financial information as of the end of March for consolidation purpose.

The period included "Before unification" and " After unificaion" is as follows;

	Accounting period	
	Before unificaion	After unificaion
Santen Pharmaceutical Co., LTD.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Claire Co., Ltd.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Santen Holdings U.S Inc.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Santen Inc.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Advanced Vision Science, Inc.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Phacor Inc.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Santen Holdings EU B.V.	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Santen Oy	From Mar 1,2013 to Feb 28, 2014	From Mar 1,2013 to Mar 31, 2014
Santen S.A.S.	From Jan 1, 2013 to Dec 31, 2013	From Jan 1,2013 to Mar 31, 2014
Santen GmbH	From Mar 1,2013 to Feb 28, 2014	From Mar 1,2013 to Mar 31, 2014
SantenPharma AB	From Mar 1,2013 to Feb 28, 2014	From Mar 1,2013 to Mar 31, 2014
Santen Pharmaceutical (China)Co., Ltd.	From Jan 1, 2013 to Dec 31, 2013	From Jan 1,2013 to Mar 31, 2014
Santen Pharmaceutical Sales &Marketing (Suzhou) Co.,Ltd.*	From Sep 23, 2013 to Dec 31, 2013	From Sep 23, 2013 to Mar 31, 2014
Santen Pharmaceutical Korea Co., Ltd.	From Mar 1,2013 to Feb 28, 2014	From Mar 1,2013 to Mar 31, 2014
Taiwan Santen Pharmaceutical Co., Ltd.	From Mar 1,2013 to Feb 28,2014	From Mar 1,2013 to Mar 31, 2014
Santen India Private Limited	From Apr 1, 2013 to Mar 31, 2014	Same as on the left
Santen Pharcaceutical Asia Private Limited	From Dec 9, 2013 to Mar 31, 2014	Same as on the left

* Santen Pharmaceutical Sales & Marketing (Suzhou) was established on September 23, 2013 and Santen Pharmaceutical Asia Private Limited was established on December 9,2013.

***2 (Information regarding the application of accounting standards)**

Consolidated Forecasts of results for the year ending March 31, 2015 under IFRS is as follows;

	Full year under IFRS	Full year under J-GAAP
Net sales (millions of yen)	151,000	151,000
Operating income (millions of yen)	29,100	28,000
Profit before tax (millions of yen)	29,600	28,500
Net income (millions of yen)	19,600	18,600

Caution: the forecasts under IFRS is converted from the forecasts under IFRS in a simplified way.

Main items converted are as follows;

- Non recognition of the amortization of goodwill
- Capitalization of the past payments for the purchase of In-process Research and Development