

## Consolidated Information

# Consolidated income statements

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
<b>Net sales</b>	<b>88,448</b>	<b>88,966</b>	<b>90,252</b>	<b>89,857</b>	<b>92,696</b>	3.2
Cost of sales	33,363	32,699	32,271	31,857	33,709	5.8
(Percentage of net sales)	37.7%	36.8%	35.7%	35.4%	36.4%	
<b>Gross profit</b>	<b>55,085</b>	<b>56,266</b>	<b>57,981</b>	<b>58,000</b>	<b>58,986</b>	1.7
(Percentage of net sales)	62.3%	63.2%	64.3%	64.6%	63.6%	
Selling, general and administrative expenses	38,546	44,475	45,284	43,474	40,003	-8.0
(Percentage to net sales)	43.6%	50.0%	50.2%	48.3%	43.1%	
R&D expenses	10,510	12,186	12,719	11,853	12,619	6.5
(Percentage of net sales)	11.9%	13.7%	14.1%	13.2%	13.6%	
<b>Operating income</b>	<b>16,538</b>	<b>11,790</b>	<b>12,697</b>	<b>14,525</b>	<b>18,982</b>	30.7
(Percentage to net sales)	18.7%	13.2%	14.1%	16.2%	20.5%	
Non-operating income	1,414	1,128	1,269	2,908	803	-72.4
Non-operating expenses	1,055	811	1,066	1,643	948	-42.3
<b>Ordinary income</b>	<b>16,897</b>	<b>12,107</b>	<b>12,899</b>	<b>15,790</b>	<b>18,837</b>	19.3
(Percentage of net sales)	19.1%	13.6%	14.3%	17.6%	20.3%	
Extraordinary gain	57	952	17	682	1,137	66.5
Extraordinary loss	1,434	380	2,969	2,698	1,538	-43.0
<b>Income before income taxes</b>	<b>15,520</b>	<b>12,678</b>	<b>9,947</b>	<b>13,774</b>	<b>18,436</b>	33.8
(Percentage of net sales)	17.5%	14.3%	11.0%	15.3%	19.9%	
Income taxes - current	8,973	6,932	463	8,750	6,446	-26.3
Income taxes - deferred	-1,166	440	981	-1,297	966	-
<b>Net income</b>	<b>7,713</b>	<b>5,305</b>	<b>8,502</b>	<b>6,321</b>	<b>11,022</b>	74.4
(Percentage of sales)	8.7%	6.0%	9.4%	7.0%	11.9%	

## Exchange rates

(Yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Exchange rate: US dollar	110.54	125.57	121.87	113.29	107.19	105.00
Euro	100.02	110.07	119.93	132.40	134.64	138.00

## Major change in income statements

### [Net sales]

[Prescription pharmaceuticals]

#### Domestic:

Sales increased by 6,027 million yen, or 8.5%, from the corresponding period of the previous year since the impact of fixed-rate co-payments of medical expenses for the elderly and increased copayment for insured workers becoming relatively small and the number of patients was returning to the previous year level, moreover the introduced new product and the heavy scattering of pollen at the end of the term contributed to the sales increase despite the impact of reduction of NHI prices in April 2004.

#### Overseas:

Sales decreased by 1,791 million yen, or 19.5%, from corresponding period of the previous year due to the change of sales channel 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 605 million yen, or 13.0%, from the corresponding period of the previous year due to the increase of sales of eye-drops for allergy by the heavy scattering of pollen and reduction in trade inventory.

[Other]

Sales decreased by 1,843 million yen, or 43.8%, 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)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2004/2003
Personnel expenses	0	0	0	0	0	0.0
Sales promotion expenses	10,049	11,919	12,084	11,313	11,109	-1.8
Royalty expenses	3,366	4,014	4,253	4,201	3,057	-27.2
Advertising expenses	2,552	2,457	2,173	2,279	2,113	-7.3
R&D expenses	1,578	2,189	2,218	1,948	1,616	-17.0

## Other income and expenses

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Interest and dividend income	0	0	0	0	0	0.0
Interest expenses	578	304	268	239	249	3.8
Amortization expenses of goodwill	-	-	-	-	0	0.0

## Extraordinary gain and loss

(Millions of yen)

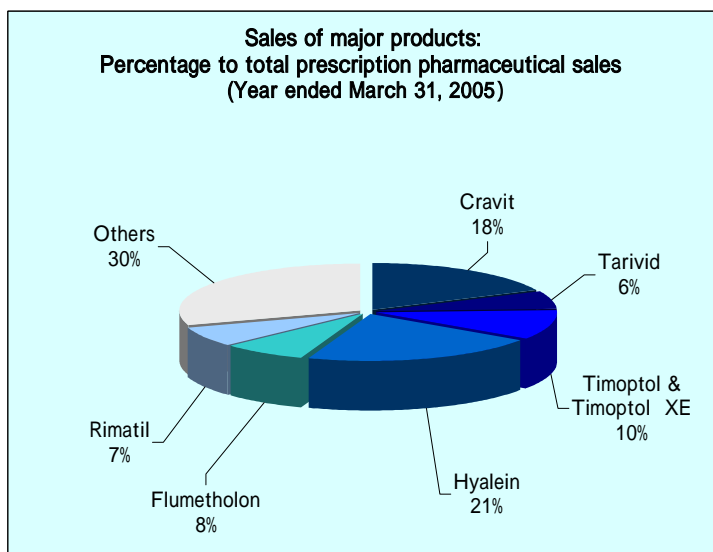
Year ended March 31	2001	2002	2003	2004	2005
Gain on settlement of suit regarding Princeton Bonds	0	0	0	0	0
Gain on sale of fixed assets	-	886	-	-	-
Gain on sale of investment securities	-	19	1	5	340
Gain and loss on change of retirement benefit scheme	-	32	15	675	0
Gain on establishment of retirement benefit trust	-	-	-	-	316
Gain on prior period adjustment	-	-	-	-	210
Loss on valuation of investment securities	-	178	601	200	50
Special premium payment incurred upon secession from pension fund	-	-	2,202	-	-
Retirement benefit for carrier development support	-	-	-	719	-
Loss on discontinued operation of affiliates	-	-	-	855	-
Restructuring change for U.S. business	-	-	-	386	440
Loss on impairment of fixed assets	-	-	-	376	823

# Sales details

## Sales of major prescription pharmaceuticals

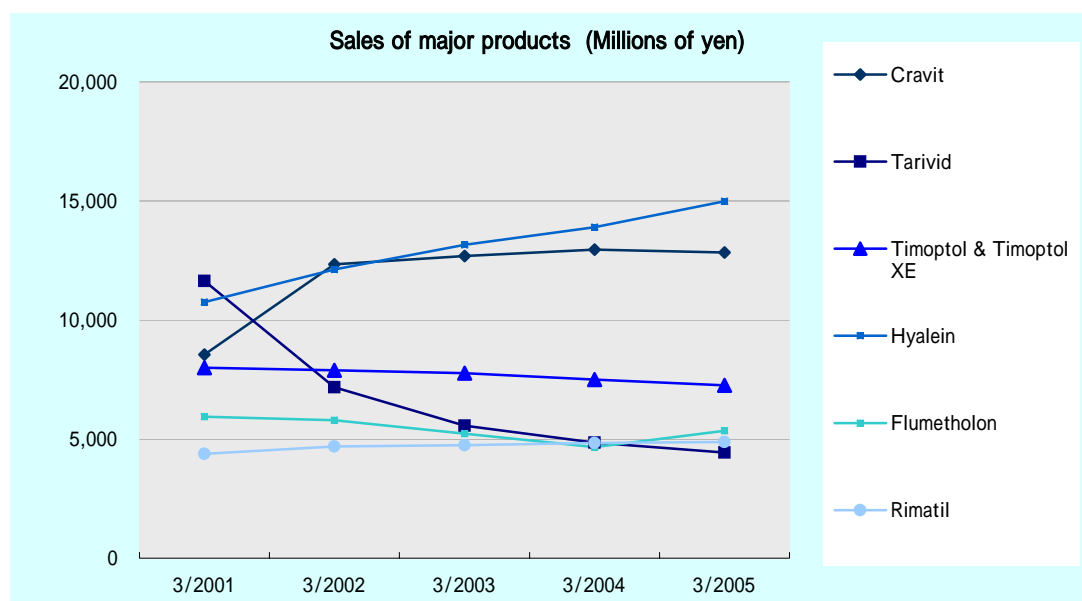
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	<b>Cravit</b>	Japan	Apr-00
	ofloxacin/ophthalmic solution	<b>Tarivid</b>	Japan	Sep-87
	timolol maleate/ophthalmic solution	<b>Timoptol</b>	Japan	Sep-81
Glaucoma	timolol maleate/ long-acting ophthalmic solution	<b>Timoptol XE</b>	Japan	Nov-99
	dipivefrine hydrochloride	<b>Pivalephrine</b>	Japan	Dec-88
	bunazosin hydrochloride	<b>Detantol</b>	Japan	Sep-01
	Isopropyl Unoprostone	<b>Rescula</b>	Japan	Oct-04
Allergy	levocabastine hydrochloride/ ophthalmic solution	<b>Livostin</b>	Japan	Jan-01
	pepirolast potassium/ophthalmic solution	<b>Alegysal</b>	Japan	Apr-95
Corneal disease	sodium hyaluronate/ophthalmic solution	<b>Hyalein</b>	Japan	Jun-95
Inflammation	fluorometholone/ophthalmic solution	<b>Flumetholon</b>	Japan	Oct-75
Early-stage senile cataract	pirenoxine/ophthalmic solution	<b>Kary Uni</b>	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	<b>Opegan Hi</b>	Japan	Jan-95
Perfusate/lotion	oxiglutatione/ophthalmic perfusate and lotion	<b>BSS Plus</b>	Japan	Jan-92
Rheumatoid arthritis	bucillamine/tablet	<b>Rimatil</b>	Japan	Sep-87
	salazosulfapyridine/enteric coated tablet	<b>Azulfidine EN</b>	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)

Year ended March 31					Year ended March 31			Brand name
2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005	
8,543	12,338	12,691	12,957	12,833	-1.0	12,790	-0.3	Cravit
11,639	7,184	5,566	4,847	4,429	-8.6	4,330	-2.2	Tarivid
6,363	5,745	5,289	4,846	4,415	-8.9	4,410	-0.1	Timoptol
1,634	2,145	2,477	2,654	2,837	6.9	2,990	5.4	Timoptol XE
1,135	848	628	472	394	-16.7	320	-18.8	Pivalephrine
-	593	1,498	1,917	2,155	12.4	2,380	10.4	Detantol
-	-	-	-	2,645	-	5,310	100.8	Rescula
1,204	2,225	3,028	2,729	4,917	80.2	4,000	-18.6	Livostin
1,016	865	848	699	954	36.4	830	-13.0	Alegysal
10,758	12,130	13,156	13,893	14,987	7.9	16,520	10.2	Hyalein
5,938	5,792	5,234	4,658	5,354	14.9	4,460	-16.7	Flumetholon
2,909	3,092	3,326	3,295	3,220	-2.3	3,310	2.8	Kary Uni
2,449	2,319	2,305	2,267	2,374	4.7	2,440	2.8	Opegan Hi
2,058	2,010	1,505	1,358	1,274	-6.2	1,250	-1.9	BSS Plus
4,380	4,685	4,751	4,836	4,881	0.9	4,890	0.2	Rimatil
2,349	2,605	2,880	3,132	3,376	7.8	3,510	4.0	Azulfidine EN



Sales for JJVCI

(Millions of yen)

Year ended March 31					Year ended March 31		
2001	2002	2003	2004	2005	% Change 2005/2004	2006 Estimate	% Change 2006/2005
-	-	-	-	781	-	690	-11.7

\*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)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	78,878	78,149	79,345	80,061	84,298	5.3
Ophthalmic	71,231	70,043	71,122	71,744	75,624	5.4
Anti-rheumatic	6,729	7,291	7,631	7,969	8,353	4.8
Other prescription pharmaceuticals	916	814	591	347	319	-7.9
OTC pharmaceuticals	5,225	6,592	5,656	4,672	5,277	13.0
Medical devices	1,144	916	918	914	754	-17.5
Others	3,170	3,308	4,332	4,209	2,366	-43.8
Total net sales	88,448	88,966	90,252	89,857	92,696	3.2

## [Domestic]

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	75,435	72,270	72,010	70,868	76,895	8.5
Ophthalmic	67,919	64,425	64,009	62,717	68,383	9.0
Anti-rheumatic	6,661	7,156	7,537	7,862	8,244	4.9
Other prescription pharmaceuticals	853	688	463	288	267	-7.3
OTC pharmaceuticals	5,207	6,555	5,623	4,657	5,260	13.0
Medical devices	1,143	839	853	877	726	-17.2
Others	966	982	1,245	1,073	562	-47.6
Total net sales	82,753	80,647	79,732	77,477	83,446	7.7
(Percentage of total net sales)	93.6%	90.7%	88.3%	86.2%	90.0%	-

## [Overseas]

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	% Change 2005/2004
Prescription pharmaceuticals	3,443	5,878	7,335	9,193	7,402	-19.5
Ophthalmic	3,312	5,617	7,112	9,027	7,241	-19.8
Anti-rheumatic	67	134	94	106	108	2.3
Other prescription pharmaceuticals	63	126	128	58	52	-11.0
OTC drugs	47	36	32	14	16	12.9
Medical devices	-	76	65	37	27	-25.9
Others	2,204	2,325	3,086	3,135	1,803	-42.5
Total overseas sales	5,695	8,318	10,519	12,380	9,250	-25.3
(Percentage of total net sales)	6.4%	9.3%	11.7%	13.8%	10.0%	-

# Breakdown by geographic segment



## Breakdown by geographic segment

Year ended March 31		2001		2002		2003		2004		2005	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	84,138	95.1	82,623	92.9	81,857	90.7	79,338	88.3	85,837	92.6
	Europe	3,016	3.4	4,844	5.4	6,642	7.4	8,848	9.8	6,374	6.9
	Others	1,293	1.5	1,497	1.7	1,752	1.9	1,671	1.9	484	0.5
	Total	88,448	100.0	88,966	100.0	90,252	100.0	89,857	100.0	92,696	100.0
Operating expenses by geographic segment	Japan	59,951		64,263		61,865		60,004		64,216	
	Europe	6,187		9,327		11,442		12,603		8,148	
	Others	5,848		9,385		10,482		8,255		3,798	
	Total	71,987		82,976		83,790		80,863		76,162	
	Corporate and eliminations	-77		-5,800		-6,234		-5,531		-2,448	
	Consolidated total	71,910		77,175		77,555		75,332		73,713	
Operating income by geographic segment	Japan	24,482		18,879		20,652		20,351		22,169	
	Europe	-2,307		-3,384		-3,816		-2,599		-149	
	Others	45		-473		-1,082		-548		-743	
	Total	22,220		15,021		15,753		17,204		21,276	
	Corporate and eliminations	-5,681		-3,230		-3,056		-2,678		-2,294	
	Consolidated total	16,538		11,790		12,697		14,525		18,982	

Europe: Finland, Germany and Sweden

Other: U.S.A., Taiwan and Korea

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

## Overseas sales

Year ended March 31	2001		2002		2003		2004		2005	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe	2,252	39.5	3,009	36.2	3,505	33.3	4,370	35.3	4,794	51.8
North America	2,206	38.8	3,499	42.1	4,649	44.2	5,813	47.0	1,703	18.4
Others	1,237	21.7	1,809	21.7	2,364	22.5	2,196	17.7	2,752	29.8
Total	5,695	100.0	8,318	100.0	10,519	100.0	12,380	100.0	9,250	100.0

Europe: Russia, Finland, Sweden, Germany and Norway

North America: U.S.A. 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		(Millions of yen)									
March 31	2001		2002		2003		2004		2005		
		%		%		%		%		%	
<b>Current assets</b>	<b>88,025</b>	<b>57.4</b>	<b>86,064</b>	<b>56.6</b>	<b>83,431</b>	<b>56.7</b>	<b>91,230</b>	<b>60.7</b>	<b>82,735</b>	<b>59.1</b>	
Cash and deposits	27,293		24,185		23,136		33,629		23,948		
Notes receivable and accounts receivable	40,921		39,415		32,516		32,456		35,625		
Marketable securities	3,189		4,131		7,771		9,303		9,046		
Inventories	11,986		12,371		11,684		10,393		9,826		
Deferred tax assets	2,412		1,870		1,201		2,255		1,625		
Other current assets	2,316		4,157		7,262		3,448		2,681		
Allowance for doubtful receivables	-94		-67		-141		-256		-18		
<b>Fixed assets</b>	<b>65,215</b>	<b>42.6</b>	<b>66,038</b>	<b>43.4</b>	<b>63,716</b>	<b>43.3</b>	<b>59,006</b>	<b>39.3</b>	<b>57,244</b>	<b>40.9</b>	
<b>Tangible assets</b>	<b>36,683</b>	<b>24.0</b>	<b>42,159</b>	<b>27.7</b>	<b>40,850</b>	<b>27.8</b>	<b>37,237</b>	<b>24.8</b>	<b>32,676</b>	<b>23.3</b>	
Buildings and structures	19,789		18,562		20,351		20,577		18,826		
Machinery, equipment and vehicles	1,644		1,926		1,958		1,882		2,114		
Land	10,988		11,009		10,990		10,645		9,486		
Construction in progress	1,750		8,200		4,966		1,750		181		
Other tangible assets	2,511		2,460		2,582		2,382		2,067		
<b>Intangible assets</b>	<b>4,781</b>	<b>3.1</b>	<b>5,164</b>	<b>3.4</b>	<b>4,781</b>	<b>3.2</b>	<b>4,000</b>	<b>2.7</b>	<b>3,318</b>	<b>2.4</b>	
Goodwill	1,556		2,260		1,598		1,323		1,015		
Software	721		992		911		1,207		1,182		
Consolidation adjustments	-		17		13		10		6		
Other intangible assets	2,504		1,893		2,256		1,458		1,113		
<b>Investments and other assets</b>	<b>23,750</b>	<b>15.5</b>	<b>18,715</b>	<b>12.3</b>	<b>18,085</b>	<b>12.3</b>	<b>17,769</b>	<b>11.8</b>	<b>21,250</b>	<b>15.2</b>	
Investment securities	13,237		9,821		9,945		11,482		14,313		
Long-term deferred tax assets	1,826		2,515		2,331		1,814		1,051		
Others	8,687		6,392		5,808		4,476		5,885		
Allowance for doubtful receivables	-0		-13		-0		-3		-		
<b>Deferred assets</b>	<b>2</b>		<b>-</b>		<b>-</b>	<b>0.0</b>	<b>-</b>		<b>-</b>	<b>0.0</b>	
<b>Total assets</b>	<b>153,242</b>	<b>100.0</b>	<b>152,103</b>	<b>100.0</b>	<b>147,147</b>	<b>100.0</b>	<b>150,237</b>	<b>100.0</b>	<b>139,979</b>	<b>100.0</b>	

## [Major variances between March 31, 2004 and March 31, 2005]

<b>Cash and deposits :</b>	Decreased due to the increase in the payment of income taxes, the repayment of long-term debt ahead of schedule, and the contribution to retirement benefit trust, despite the increase in income before income taxes.
<b>Notes receivable and accounts receivable:</b>	Due to the increase of sales.
<b>Land:</b>	Decreased due to the sales.
<b>Construction in progress:</b>	Decreased due to the transfer of plant manufacturing facilities (1,080 million yen) to leasing contract.

**Liabilities and shareholders' equity**

(Millions of yen)

<b>March 31</b>	<b>2001</b>		<b>2002</b>		<b>2003</b>		<b>2004</b>		<b>2005</b>	
		%		%		%		%		%
<b>Current liabilities</b>	<b>27,340</b>	<b>17.8</b>	<b>26,334</b>	<b>17.3</b>	<b>39,637</b>	<b>26.9</b>	<b>27,153</b>	<b>18.1</b>	<b>22,223</b>	<b>15.9</b>
Trade accounts payable	6,900		4,798		5,476		5,039		6,122	
Current portion of convertible bonds	-		-		19,945		-		-	
Current portion of long-term debt	629		1,417		416		416		269	
Other payables	10,784		11,754		9,117		8,853		8,577	
Income taxes payable	4,640		3,428		1		8,132		3,413	
Consumption taxes payable	582		484		283		566		475	
Reserve for bonuses	2,088		2,311		2,432		2,228		2,481	
Other reserves	1,157		1,067		741		650		199	
Other current liabilities	556		1,071		1,222		1,265		682	
<b>Noncurrent liabilities</b>	<b>31,068</b>	<b>20.3</b>	<b>30,668</b>	<b>20.2</b>	<b>10,384</b>	<b>7.1</b>	<b>19,584</b>	<b>13.0</b>	<b>9,517</b>	<b>6.8</b>
Convertible bonds	19,945		19,945		-		-		-	
Long-term debt	4,518		3,103		2,686		12,270		6,614	
Other payables - long-term	30		-		86		84		636	
Reserve for retirement benefits	-		-		-		-		-	
Reserve for retirement benefits	5,058		5,156		5,288		5,331		1,455	
Reserve for retirement benefits for directors and auditors	246		444		465		441		402	
Deffered tax liabilities	38		34		32		26		23	
Other	1,230		1,983		1,825		1,429		384	
<b>Total liabilities</b>	<b>58,408</b>	<b>38.1</b>	<b>57,002</b>	<b>37.5</b>	<b>50,021</b>	<b>34.0</b>	<b>46,737</b>	<b>31.1</b>	<b>31,740</b>	<b>22.7</b>
Common stock	6,205		6,214		6,214		6,214		6,247	
Capital surplus reserves	6,900		6,908		6,908		6,908		6,942	
Appropriated retained earnings	83,735		83,892		90,551		91,844		95,901	
Unrealized holding gains on securities	1,289		474		293		1,426		2,048	
Foreign currency translation adjustments	-3,255		-2,382		-3,566		-2,853		-2,826	
Treasury stock	-41		-5		-3,276		-40		-74	
<b>Total shareholders' equity</b>	<b>94,834</b>	<b>61.9</b>	<b>95,101</b>	<b>62.5</b>	<b>97,125</b>	<b>66.0</b>	<b>103,499</b>	<b>68.9</b>	<b>108,239</b>	<b>77.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>153,242</b>	<b>100.0</b>	<b>152,103</b>	<b>100.0</b>	<b>147,147</b>	<b>100.0</b>	<b>150,237</b>	<b>100.0</b>	<b>139,979</b>	<b>100.0</b>

**[Major variances between March 31, 2004 and March 31, 2005]**

<b>Trade accounts payable:</b>	Due to the increase in purchase of merchandises mainly.
<b>Income taxes payable:</b>	Due to the lower payment of income taxes in November, 2003 and the increase in unpaid balance of tax in March, 2004.
<b>Long-term debt:</b>	Decreased due to the repayment of syndicated loans (5,000 million yen) ahead of schedule and other loans.
<b>Reserve for retirement benefits:</b>	Decreased due to the establishment of retirement benefit trust (3,502 million yen).

# Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005
<b>. Cash flows from operating activities:</b>					
Income before income taxes	15,520	12,678	9,947	13,774	18,436
Depreciation and amortization	5,683	5,333	4,311	4,521	4,749
Increase/decrease in allowance for retirement and severance benefits	-330	97	132	43	-2,550
Interest and dividends income	-579	-304	-268	-239	-249
Insurance due date amount receivables	-	-	-	-1,712	-114
Interest expenses	430	465	480	365	182
Increase/decrease in trade receivables	-8,372	1,804	6,965	-315	-3,082
Increase/decrease in inventories	-765	-183	647	1,342	594
Increase/decrease in trade accounts payable	1,812	-2,137	660	-440	1,065
Other, net	1,525	-2,509	-753	1,422	-1,439
Subtotal	14,928	15,244	22,122	18,761	17,592
Interest and dividends income received	529	227	140	232	246
Interest expenses paid	-406	-464	-458	-328	-183
Proceeds from insurance due date amount receivables	-	-	-	3,003	198
Income taxes paid	-8,219	-8,065	-5,996	-453	-11,235
Income taxes received	-	-	-	1,980	-
Net cash provided by operating activities	6,831	6,941	15,807	23,196	6,619
<b>. Cash flows from investing activities:</b>					
Increase in fixed deposits	-2,418	-2,840	-1,251	-622	-1,548
Decrease in fixed deposits	1,603	1,697	1,810	915	2,904
Payments for acquisition of marketable securities	-1,002	-0	-4,000	-6,399	-4,499
Proceeds from sale of marketable securities	2,263	200	3,043	10,604	4,817
Payments for acquisition of fixed assets	-4,942	-6,585	-7,045	-3,225	-4,906
Proceeds from sale of fixed assets	-	-	-	3,770	2,488
Payments for investments in securities	-707	-267	-3,703	-510	-3,229
Proceeds from investments in securities	1,976	856	472	1,073	1,059
Payment for acquisition of shares of subsidiaries due to change in consolidation	-	-537	-	-	-
Other, net	56	1,101	723	-359	7
Net cash provided by investing activities	-3,172	-6,373	-9,951	5,246	-2,907
<b>. Cash flows from financing activities:</b>					
Increase in long-term debt	-	-	-	10,000	-
Repayment of long-term debt	-654	-624	-1,420	-416	-5,804
Repayment of Convertible Bonds	-	-	-	-19,945	-
Purchases of treasury stock	-5,293	-3,313	-3,273	-3	-2,582
Proceeds from sale of treasury stock	212	90	-	0	0
Cash dividends paid	-1,520	-1,854	-1,812	-1,758	-4,393
Other, net	62	17	-	-	68
Net cash provided by financing activities	-7,192	-5,683	-6,507	-12,122	-12,711
<b>. Effect of exchange rate changes on cash and cash equivalents</b>	<b>360</b>	<b>176</b>	<b>84</b>	<b>49</b>	<b>-42</b>
<b>V. Net increase/decrease in cash and cash equivalents</b>	<b>-3,172</b>	<b>-4,939</b>	<b>-566</b>	<b>16,369</b>	<b>-9,042</b>
<b>VI. Cash and cash equivalents, beginning of year</b>	<b>33,727</b>	<b>30,555</b>	<b>25,619</b>	<b>25,053</b>	<b>41,422</b>
<b>VII. Effect from consolidating subsidiaries previously unconsolidated on cash and cash equivalents</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. Cash and cash equivalents, end of year</b>	<b>30,555</b>	<b>25,619</b>	<b>25,053</b>	<b>41,422</b>	<b>32,380</b>

# Capital expenditures and number of employees

## Capital expenditures\*

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Consolidated	3,039	8,516	4,134	2,871	1,674	1,870
Non-consolidated	2,396	7,507	3,820	2,291	1,178	1,380

\*Includes investment in manufacturing facilities to be spent on a lease contract basis.

[Major items]

- Remodeling of existing production facilities
- Replacing of machinery for research and development

## Depreciation and amortization

(Millions of yen)

Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Manufacturing cost	2,009	1,783	1,549	1,626	1,613	1,620
Selling, general and administrative expense	791	829	699	746	740	750
R&D expenses	1,345	1,190	1,224	1,499	1,312	1,250
Others	189	34	164	40	30	0
Consolidated	4,336	3,837	3,638	3,914	3,696	3,620
Non-consolidated	3,961	3,347	2,967	3,219	3,005	2,970

## Lease expenses

(Millions of yen)

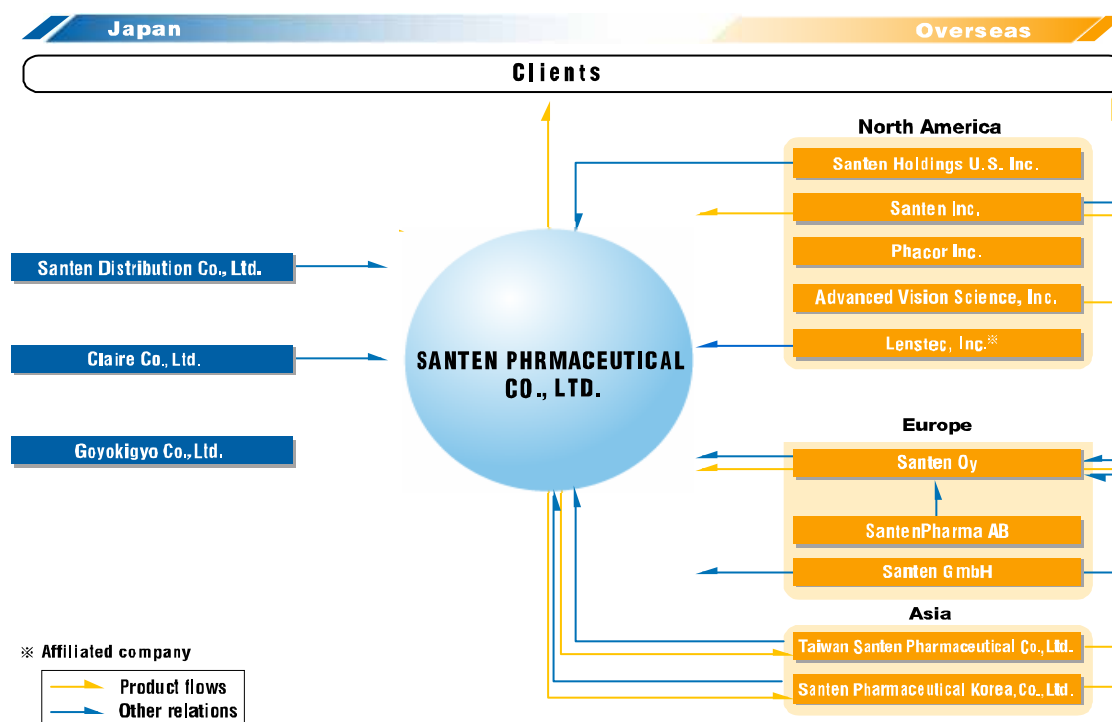
Year ended March 31	2001	2002	2003	2004	2005	2006 Estimate
Consolidated total	2,302	1,879	675	784	1,012	1,150
Manufacturing cost	2,232	1,817	588	656	891	1,020
Non-consolidated	2,302	1,879	675	784	1,012	1,150

## Number of employees

Year ended March 31	2001	2002	2003	2004	2005
Consolidated	2,167	2,463	2,500	2,335	2,308
sales division	782	884	862	771	790
production division	783	878	909	883	827
R&D division	404	479	485	455	460
corporate or back-office division	198	222	244	226	231
Non-consolidated	1,592	1,702	1,740	1,694	1,691

# Affiliated companies

Santen group



## Consolidate subsidiaries [Domestic]

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

## [Overseas]

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

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

Phacor Inc.					
Main business	-				
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, sale and contract manufacturing 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	Sales support and business development				
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:** Santen Pharmaceutical Co., Ltd. has one affiliated company but does not have any affiliated companies accounted for by the equity method.

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