

Consolidated Information

Consolidated income statements

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | Change over previous half year (%) |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|--|
| Net sales | 46,153 | 89,857 | 45,084 | 92,696 | 49,785 | 10.4 |
| Cost of sales (Percentage of net sales) | 15,887 34.4% | 31,857 35.4% | 16,327 36.2% | 33,709 36.4% | 17,449 35.0% | 6.9 |
| Gross profit (Percentage of net sales) | 30,266 65.6% | 58,000 64.6% | 28,757 63.8% | 58,986 63.6% | 32,336 65.0% | 12.4 |
| Selling, general and administrative expenses (Percentage of net sales) | 22,822 49.5% | 43,474 48.4% | 19,217 42.6% | 40,003 43.1% | 20,254 40.7% | 5.4 |
| R&D expenses (Percentage of net sales) | 6,245 13.5% | 11,853 13.2% | 5,868 13.0% | 12,619 13.6% | 5,971 12.0% | 1.7 |
| Operating income (Percentage of net sales) | 7,443 16.1% | 14,525 16.2% | 9,539 21.2% | 18,982 20.5% | 12,081 24.3% | 26.7 |
| Non-operating income | 428 | 2,908 | 478 | 803 | 440 | -7.8 |
| | 1,243 | 1,643 | 484 | 948 | 219 | -54.6 |
| Ordinary income (Percentage of net sales) | 6,628 14.3% | 15,790 17.6% | 9,532 21.1% | 18,837 20.3% | 12,302 24.7% | 29.1 |
| Extraordinary gain | 489 | 682 | 345 | 1,137 | 13 | -96.0 |
| Extraordinary loss | 1,087 | 2,698 | 1,561 | 1,538 | 1,084 | -30.6 |
| Income before income taxes (Percentage of net sales) | 6,030 13.0% | 13,774 15.3% | 8,316 18.4% | 18,436 19.9% | 11,232 22.6% | 35.1 |
| Income taxes - current | 3,972 | 8,750 | 3,088 | 6,446 | 4,620 | 49.6 |
| Income taxes - deferred | -962 | -1,297 | 350 | 966 | -489 | -239.8 |
| Net income (Percentage of net sales) | 3,020 6.5% | 6,321 7.0% | 4,878 10.8% | 11,022 11.9% | 7,100 14.3% | 45.6 |

Exchange rates

(Yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 |
|--------------------------|--------|--------|--------|--------|--------|
| Exchange rate: US dollar | 118.29 | 113.29 | 109.44 | 113.29 | 109.79 |
| Euro | 133.90 | 132.40 | 132.51 | 132.40 | 136.15 |

Major change in net sales

[Prescription pharmaceuticals]

Domestic:

Sales for prescription ophthalmics increased by 3,278 million yen, or 10.0%, from the corresponding period of the previous year due to the favorable sales growth for Corneal disease treatments, the contribution of the newly introduced product for Anti-glaucoma and the increase in the sales for Anti-allergy by the higher airborne pollen count continuing from the previous term, despite the decrease in the sales for Anti-infective due to the competitive products.

Sales for anti-rheumatic drugs increased by 351 million yen, or 8.5%, from the corresponding period of the previous year due to the steady penetration to the market.

Overseas:

Sales increased by 1,341 million yen, or 36.9%, from the corresponding period of the previous year due to the increase in the sales in the U.S., Europe and Asia. The sales growth in the U.S. comes from the no adjustments of the trade inventory from the previous term despite the intensifying competition for Anti-infective in the U.S.

[OTC pharmaceuticals]

Sales increased by 184 million yen, or 7.1%, from the corresponding period of the previous year due to the continuing sales promotion from the previous term.

[Other]

Sales decreased by 340 million yen, or 23.3%, from the corresponding period of the previous year due to the decrease in contract manufacturing in the U.S. and Europe.

Selling, general and administrative expenses

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | Change over previous half year (%) |
|--------------------------|--------|--------|--------|--------|--------|------------------------------------|
| Personnel expenses | 5,788 | 11,313 | 5,315 | 11,109 | 5,553 | 4.5 |
| Sales promotion expenses | 1,537 | 4,201 | 1,366 | 3,057 | 1,651 | 20.9 |
| Royalty expenses | 1,206 | 2,279 | 1,075 | 2,113 | 1,089 | 1.4 |
| Advertising expenses | 1,681 | 1,948 | 1,052 | 1,616 | 952 | -9.5 |
| R&D expenses | 6,245 | 11,853 | 5,868 | 12,619 | 5,971 | 1.7 |

Non-operating income and expenses

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | Change over previous half year (%) |
|-------------------------------|--------|--------|--------|--------|--------|------------------------------------|
| Interest and dividends income | 141 | 239 | 140 | 249 | 139 | -0.4 |
| Interest expenses | 212 | 365 | 101 | 182 | 41 | -58.8 |
| Amortization of goodwill | 160 | 317 | 158 | 322 | 163 | 2.7 |

Extraordinary gain and loss

(Millions of yen)

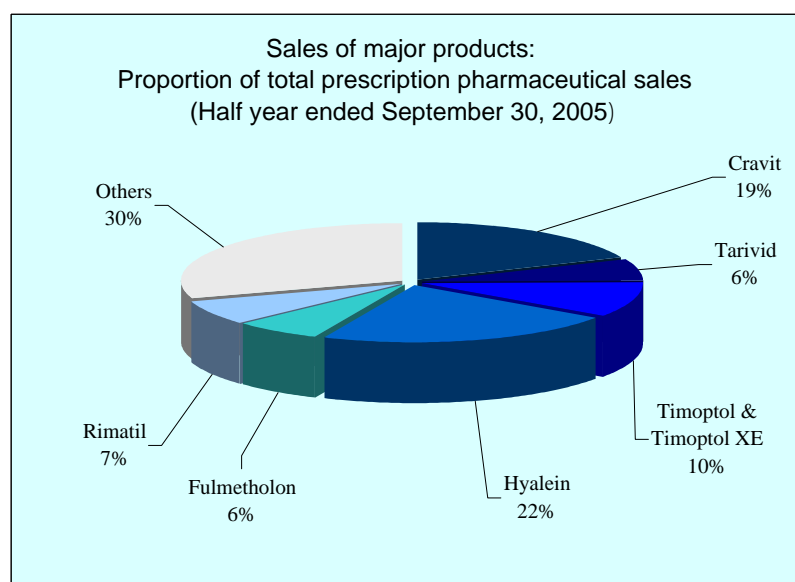
| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 |
|--|--------|--------|--------|--------|--------|
| Gain on sale of fixed assets | 1 | 5 | 342 | 340 | 0 |
| Gain on sale of investment securities | 487 | 675 | - | 0 | - |
| Gain and loss on change of retirement benefit scheme | - | - | - | 316 | - |
| Gain on establishment of retirement benefit trust | - | - | - | 210 | - |
| Gain on prior period adjustment | - | - | - | 265 | - |
| Loss on valuation of investment securities | - | 200 | 47 | 50 | - |
| Retirement benefit for carrier development support | 698 | 719 | - | - | - |
| Loss on discontinued operation of affiliates | 293 | 855 | - | - | - |
| Restructuring change for U.S. business | - | 386 | 547 | 440 | - |
| Loss on impairment of fixed assets | - | 376 | 823 | 823 | 909 |

Sales details

Sales of major prescription pharmaceuticals

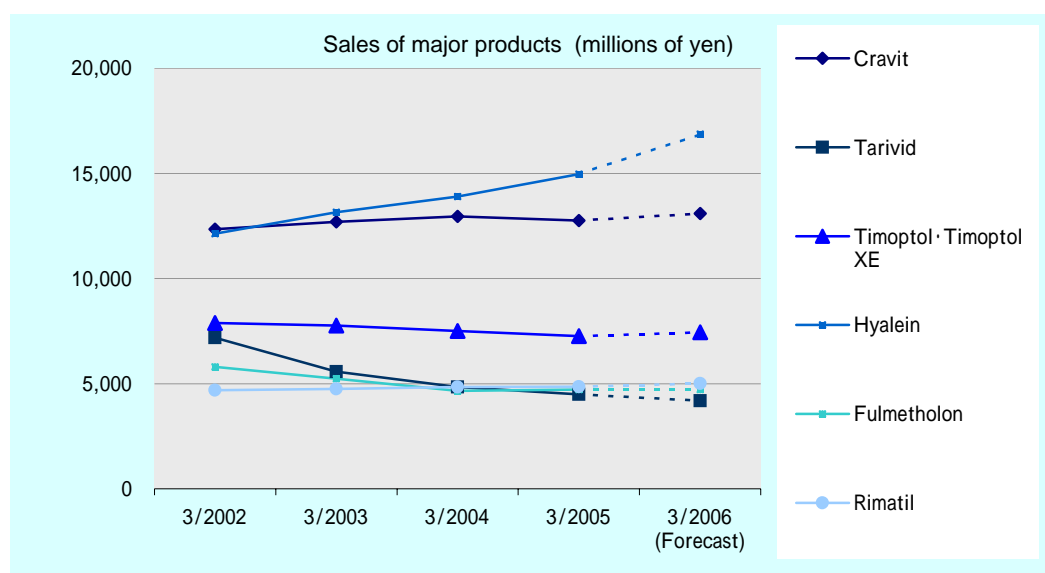
| Therapeutic category | Generic name/formulation | Brand name | Region | Launched |
|------------------------------------|---|----------------------|--------|----------|
| Bacterial conjunctivitis | levofloxacin/ophthalmic solution | Cravit | Japan | Apr-00 |
| | ofloxacin/ophthalmic solution | Tarivid | Japan | Sep-87 |
| Glaucoma | timolol maleate/ophthalmic solution | Timoptol | Japan | Sep-81 |
| | timolol maleate/ long-acting ophthalmic solution | Timoptol XE | Japan | Nov-99 |
| | dipivefrine hydrochloride | Pivalephrine | Japan | Dec-88 |
| | bunazosin hydrochloride | Detantol | Japan | Sep-01 |
| | Isopropyl Unoprostone | Rescula | Japan | Oct-04 |
| Allergy | levocabastine hydrochloride/ ophthalmic solution | Livostin | Japan | Jan-01 |
| | pemirolast potassium/ophthalmic solution | Alegysal | Japan | Apr-95 |
| 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 |
| Perfusate/lotion | oxiglutatione/ophthalmic perfusate and lotion | BSS PLUS | Japan | Jan-92 |
| Rheumatoid arthritis | bucillamine/tablet | Rimatil | Japan | Sep-87 |
| | salazosulfapyridine/enteric coated tablet | Azulfidine EN | 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)

| Half year/year to | | | | | | | | Brand name |
|-------------------|--------|--------|--------|--------|----------|-----------------|----------|----------------------|
| 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | % Change | 3/2006 Forecast | % Change | |
| 6,816 | 12,957 | 7,013 | 12,833 | 7,082 | 1.0 | 13,090 | 2.0 | Cravit |
| 2,670 | 4,847 | 2,518 | 4,429 | 2,325 | -7.7 | 4,180 | -5.6 | Tarivid |
| 2,476 | 4,846 | 2,287 | 4,415 | 2,190 | -4.2 | 4,370 | -1.0 | Timoptol |
| 1,311 | 2,654 | 1,410 | 2,837 | 1,546 | 9.6 | 3,080 | 8.6 | Timoptol XE |
| 255 | 472 | 211 | 394 | 173 | -17.8 | 350 | -11.2 | Pivalephrine |
| 925 | 1,917 | 1,098 | 2,155 | 1,132 | 3.1 | 2,240 | 3.9 | Detantol |
| - | - | - | 2,645 | 2,621 | - | 5,190 | 96.5 | Rescula |
| 1,110 | 2,729 | 1,424 | 4,917 | 1,478 | 3.8 | 3,990 | -18.9 | Livostin |
| 324 | 699 | 377 | 954 | 333 | -11.7 | 800 | -16.1 | Alegysal |
| 6,879 | 13,893 | 7,499 | 14,987 | 8,387 | 11.8 | 16,870 | 12.6 | Hyalein |
| 2,385 | 4,658 | 2,566 | 5,354 | 2,446 | -4.7 | 4,720 | -11.8 | Flumetholon |
| 1,763 | 3,295 | 1,676 | 3,220 | 1,703 | 1.6 | 3,370 | 4.7 | Kary Uni |
| 1,188 | 2,267 | 1,156 | 2,374 | 1,402 | 21.3 | 2,740 | 15.4 | Opegan Hi |
| 712 | 1,358 | 658 | 1,274 | 676 | 2.6 | 1,270 | -0.3 | BSS PLUS |
| 2,445 | 4,836 | 2,505 | 4,811 | 2,576 | 2.8 | 5,010 | 2.6 | Rimatil |
| 1,577 | 3,132 | 1,687 | 3,376 | 1,883 | 11.6 | 3,730 | 10.5 | Azulfidine EN |



Sales for JJVCI

(Millions of yen)

| Half year/year to | | | | | | | |
|-------------------|--------|--------|--------|--------|----------|-----------------|----------|
| 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | % Change | 3/2006 Forecast | % Change |
| - | - | 188 | 781 | 383 | 103.4 | 760 | -2.7 |

*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)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | % Change | 3/2006 Forecast |
|------------------------------------|--------|--------|--------|--------|--------|----------|--------------------|
| Prescription pharmaceuticals | 41,368 | 80,061 | 40,601 | 84,298 | 45,561 | 12.2 | 89,950 |
| Ophthalmic | 37,170 | 71,744 | 36,233 | 75,624 | 40,832 | 12.7 | 80,620 |
| Anti-rheumatic drugs | 4,022 | 7,969 | 4,215 | 8,353 | 4,588 | 8.9 | 9,030 |
| Other prescription pharmaceuticals | 174 | 347 | 152 | 319 | 141 | -7.8 | 300 |
| OTC pharmaceuticals | 2,205 | 4,672 | 2,593 | 5,277 | 2,777 | 7.1 | 5,280 |
| Medical devices | 471 | 914 | 435 | 754 | 332 | -23.7 | 660 |
| Others | 2,108 | 4,209 | 1,454 | 2,366 | 1,114 | -23.3 | 2,110 |
| Total net sales | 46,153 | 89,857 | 45,084 | 92,696 | 49,785 | 10.4 | 98,000 |

[Domestic]

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | % Change | 3/2006 Forecast |
|------------------------------------|--------|--------|--------|--------|--------|----------|--------------------|
| Prescription pharmaceuticals | 35,947 | 70,868 | 36,964 | 76,895 | 40,584 | 9.8 | 80,860 |
| Ophthalmic | 31,826 | 62,717 | 32,688 | 68,383 | 35,966 | 10.0 | 71,720 |
| Anti-rheumatic drugs | 3,973 | 7,862 | 4,150 | 8,244 | 4,501 | 8.5 | 8,900 |
| Other prescription pharmaceuticals | 147 | 288 | 126 | 267 | 116 | -7.8 | 230 |
| OTC pharmaceuticals | 2,195 | 4,657 | 2,583 | 5,260 | 2,766 | 7.1 | 5,260 |
| Medical devices | 457 | 877 | 416 | 726 | 322 | -22.4 | 640 |
| Others | 644 | 1,073 | 316 | 562 | 360 | 14.0 | 650 |
| Total domestic sales | 39,245 | 77,477 | 40,281 | 83,446 | 44,034 | 9.3 | 87,420 |
| (Percentage of total net sales) | 85.0% | 86.2% | 89.3% | 90.0% | 88.4% | - | 89.2% |

[Overseas]

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | % Change | 3/2006 Forecast |
|------------------------------------|--------|--------|--------|--------|--------|----------|--------------------|
| Prescription pharmaceuticals | 5,421 | 9,193 | 3,636 | 7,402 | 4,977 | 36.9 | 9,080 |
| Ophthalmic | 5,344 | 9,027 | 3,545 | 7,241 | 4,866 | 37.3 | 8,890 |
| Anti-rheumatic drugs | 49 | 106 | 65 | 108 | 86 | 33.1 | 130 |
| Other prescription pharmaceuticals | 27 | 58 | 26 | 52 | 24 | -7.4 | 60 |
| OTC drugs | 9 | 14 | 9 | 16 | 10 | 11.7 | 10 |
| Medical devices | 13 | 37 | 19 | 27 | 9 | -51.9 | 20 |
| Others | 1,464 | 3,135 | 1,137 | 1,803 | 753 | -33.7 | 1,450 |
| Total overseas sales | 6,908 | 12,380 | 4,802 | 9,250 | 5,751 | 19.7 | 10,570 |
| (Percentage of total net sales) | 15.0% | 13.8% | 10.7% | 10.0% | 11.6% | - | 10.8% |

* Forecast •• omit the figures after the million yen.

Breakdown by geographic segment



Breakdown by geographic segment

| | Half year/year to | 9/2003 | | 3/2004 | | 9/2004 | | 3/2005 | | 9/2005 | |
|--|----------------------------|-------------|--------|-------------|--------|-------------|--------|-------------|--------|-------------|-------|
| | | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Net sales by geographic segment | Japan | 40,424 | 87.6 | 79,338 | 88.3 | 41,669 | 92.4 | 85,837 | 92.6 | 45,797 | 92.0 |
| | Europe | 4,921 | 10.7 | 8,848 | 9.8 | 3,057 | 6.8 | 6,374 | 6.9 | 3,782 | 7.6 |
| | Others | 807 | 1.7 | 1,671 | 1.9 | 358 | 0.8 | 484 | 0.5 | 206 | 0.4 |
| | Total | 46,153 | 100.0 | 89,857 | 100.0 | 45,084 | 100.0 | 92,696 | 100.0 | 49,785 | 100.0 |
| Operating expenses by geographic segment | Japan | 30,692 | | 60,004 | | 30,925 | | 64,216 | | 33,193 | |
| | Europe | 6,714 | | 12,603 | | 3,877 | | 8,148 | | 4,350 | |
| | Others | 4,373 | | 8,255 | | 1,880 | | 3,798 | | 1,843 | |
| | Total | 41,780 | | 80,863 | | 36,683 | | 76,162 | | 39,388 | |
| | Corporate and eliminations | -3,069 | | -5,531 | | -1,138 | | -2,448 | | -1,684 | |
| Consolidated total | 38,710 | | 75,332 | | 35,545 | | 73,713 | | 37,703 | | |
| Operating income by geographic segment | Japan | 10,300 | | 20,351 | | 11,004 | | 22,169 | | 13,054 | |
| | Europe | -1,286 | | -2,599 | | -16 | | -149 | | 275 | |
| | Others | -194 | | -548 | | -307 | | -743 | | -237 | |
| | Total | 8,819 | | 17,204 | | 10,680 | | 21,276 | | 13,092 | |
| | Corporate and eliminations | -1,376 | | -2,678 | | -1,140 | | -2,294 | | -1,010 | |
| Consolidated total | 7,443 | | 14,525 | | 9,539 | | 18,982 | | 12,081 | | |

Europe: Finland, Germany and Sweden

Other: U.S., Taiwan and Korea

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

Overseas sales

| | Half year/year to | 9/2003 | | 3/2004 | | 9/2004 | | 3/2005 | | 9/2005 | |
|---------------|-------------------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Europe | | 2,139 | 31.0 | 4,370 | 35.3 | 2,369 | 49.3 | 4,794 | 51.8 | 3,045 | 52.9 |
| North America | | 3,441 | 49.8 | 5,813 | 47.0 | 858 | 17.9 | 1,703 | 18.4 | 695 | 12.1 |
| Others | | 1,327 | 19.2 | 2,196 | 17.7 | 1,575 | 32.8 | 2,752 | 29.8 | 2,009 | 35.0 |
| Total | | 6,908 | 100.0 | 12,380 | 100.0 | 4,802 | 100.0 | 9,250 | 100.0 | 5,751 | 100.0 |

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S., 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

| At half-year/year end | 9/2003 | | 3/2004 | | 9/2004 | | 3/2005 | | 9/2005 | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) |
| Current assets | 80,036 | 56.4 | 91,230 | 60.7 | 89,905 | 61.1 | 82,735 | 59.1 | 89,348 | 61.4 |
| Cash and deposits | 21,529 | | 33,629 | | 33,068 | | 23,948 | | 30,221 | |
| Notes and accounts receivable-trade | 33,277 | | 32,456 | | 33,440 | | 35,625 | | 35,371 | |
| Marketable securities | 8,071 | | 9,303 | | 9,309 | | 9,046 | | 10,388 | |
| Inventories | 10,804 | | 10,393 | | 9,167 | | 9,826 | | 9,293 | |
| Deferred tax assets | 2,033 | | 2,255 | | 1,841 | | 1,625 | | 1,608 | |
| Other current assets | 4,624 | | 3,448 | | 3,094 | | 2,681 | | 2,469 | |
| Allowance for doubtful receivables | -304 | | -256 | | -15 | | -18 | | -4 | |
| Fixed assets | 61,791 | 43.6 | 59,006 | 39.3 | 57,242 | 38.9 | 57,244 | 40.9 | 56,214 | 38.6 |
| Tangible assets | 38,896 | 27.5 | 37,237 | 24.8 | 35,653 | 24.2 | 32,676 | 23.3 | 31,179 | 21.4 |
| Buildings and structures | 21,291 | | 20,577 | | 19,809 | | 18,826 | | 17,782 | |
| Machinery, equipment and vehicles | 1,918 | | 1,882 | | 1,729 | | 2,114 | | 2,023 | |
| Land | 10,974 | | 10,645 | | 9,893 | | 9,486 | | 9,062 | |
| Construction in progress | 2,076 | | 1,750 | | 1,986 | | 181 | | 321 | |
| Other tangibles | 2,634 | | 2,382 | | 2,234 | | 2,067 | | 1,989 | |
| Intangible assets | 4,297 | 3.0 | 4,000 | 2.7 | 3,461 | 2.4 | 3,318 | 2.4 | 2,959 | 2.0 |
| Goodwill | 1,347 | | 1,323 | | 1,153 | | 1,015 | | 855 | |
| Software | 1,201 | | 1,207 | | 1,034 | | 1,182 | | 1,024 | |
| Other intangibles | 1,747 | | 1,468 | | 1,273 | | 1,119 | | 1,079 | |
| Investments and other assets | 18,597 | 13.1 | 17,769 | 11.8 | 18,126 | 12.3 | 21,250 | 15.2 | 22,075 | 15.2 |
| Investment securities | 10,327 | | 11,482 | | 12,001 | | 14,313 | | 15,737 | |
| Deferred tax assets | 2,190 | | 1,814 | | 1,991 | | 1,051 | | 960 | |
| Other assets | 6,079 | | 4,476 | | 4,136 | | 5,885 | | 5,377 | |
| Allowance for doubtful receivables | - | | -3 | | -3 | | - | | - | |
| Total assets | 141,828 | 100.0 | 150,237 | 100.0 | 147,148 | 100.0 | 139,979 | 100.0 | 145,563 | 100.0 |

Major changes at September 30, 2005 from March 31, 2005

| | |
|-------------------------------|---|
| Cash and deposits: | Due to the increase in income before income taxes. |
| Marketable securities: | Due to the purchase of commercial paper of 1,000 million yen. |
| Tangible assets: | Due to the impairment loss of 909 million yen on the property for the distribution service. |
| Investment securities: | Due to the increase in fair value of investment securities. |

Liabilities and shareholders' equity

| Half year/year to | 9/2003 | | 3/2004 | | 9/2004 | | 3/2005 | | 9/2005 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) | Million yen | Proportion (%) |
| Current liabilities | 22,202 | 15.6 | 27,153 | 18.1 | 22,014 | 15.0 | 22,223 | 15.9 | 23,205 | 16.0 |
| Notes and accounts payable -trade | 3,963 | | 5,039 | | 5,201 | | 6,122 | | 5,238 | |
| Current portion of long-term debt | 416 | | 416 | | 416 | | 269 | | 768 | |
| Other payables | 10,244 | | 8,853 | | 8,756 | | 8,577 | | 8,715 | |
| Income taxes payable | 3,677 | | 8,132 | | 3,173 | | 3,413 | | 4,729 | |
| Reserve for bonuses | 2,135 | | 2,228 | | 2,149 | | 2,481 | | 2,301 | |
| Other reserves | 633 | | 650 | | 235 | | 199 | | 112 | |
| Other current liabilities | 1,131 | | 1,831 | | 2,081 | | 1,157 | | 1,338 | |
| Noncurrent liabilities | 19,683 | 13.9 | 19,584 | 13.0 | 19,785 | 13.4 | 9,517 | 6.8 | 8,781 | 6.0 |
| Long-term debt | 12,478 | | 12,270 | | 12,062 | | 6,614 | | 5,980 | |
| Deferred tax liabilities | 30 | | 26 | | 25 | | 23 | | 21 | |
| Retirement and severance benefits for employee | 5,277 | | 5,331 | | 5,697 | | 1,455 | | 1,763 | |
| Retirement and severance benefits for directors and auditors | 433 | | 441 | | 399 | | 402 | | 453 | |
| Other liabilities | 1,462 | | 1,513 | | 1,600 | | 1,020 | | 562 | |
| Total liabilities | 41,885 | 29.5 | 46,737 | 31.1 | 41,800 | 28.4 | 31,740 | 22.7 | 31,986 | 22.0 |
| Common stock | 6,214 | | 6,214 | | 6,227 | | 6,247 | | 6,272 | |
| Additional paid-in capital | 6,908 | | 6,908 | | 6,922 | | 6,942 | | 6,967 | |
| Retained earnings | 92,663 | | 91,844 | | 94,063 | | 95,901 | | 100,378 | |
| Unrealized holding gains on securities | 665 | | 1,426 | | 1,256 | | 2,048 | | 2,922 | |
| Foreign currency translation adjustments | -3,230 | | -2,853 | | -3,078 | | -2,826 | | -2,883 | |
| Treasury stock at cost | -3,277 | | -40 | | -44 | | -74 | | -79 | |
| Total shareholders' equity | 99,942 | 70.5 | 103,499 | 68.9 | 105,347 | 71.6 | 108,239 | 77.3 | 113,576 | 78.0 |
| Total liabilities and shareholders' equity | 141,828 | 100.0 | 150,237 | 100.0 | 147,148 | 100.0 | 139,979 | 100.0 | 145,563 | 100.0 |

Major changes at September 30, 2005 from March 31, 2005

Income taxes payable: Due to the increase in income taxes driven by the increase in income before income taxes.

Consolidated statements of cash flows

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| I. Cash flows from operating activities: | | | | | |
| Income before income taxes | 6,030 | 13,774 | 8,316 | 18,436 | 11,232 |
| Depreciation and amortization | 2,214 | 4,521 | 2,163 | 4,749 | 2,354 |
| Loss on impairment of fixed assets | - | 376 | 823 | 823 | 909 |
| Increase/decrease in retirement and severance benefits | -11 | 43 | 366 | -2,550 | 308 |
| Interest and dividend income | -141 | -239 | -140 | -249 | -139 |
| Gains on insurance received | - | -1,712 | -104 | -114 | -34 |
| Interest expense | 212 | 365 | 101 | 182 | 41 |
| Increase/decrease in trade receivables | -999 | -315 | -966 | -3,082 | 347 |
| Increase/decrease in inventories | 871 | 1,342 | 1,145 | 594 | 514 |
| Increase/decrease in trade accounts payable | -1,586 | -440 | 169 | 1,065 | -879 |
| Other, net | 1,212 | 1,045 | -331 | -2,262 | -385 |
| Subtotal | 7,802 | 18,761 | 11,542 | 17,592 | 14,270 |
| Interest and dividend income received | 139 | 232 | 142 | 246 | 133 |
| Interest expense paid | -218 | -328 | -102 | -183 | -42 |
| Insurance received | - | 3,003 | 183 | 198 | 60 |
| Income taxes paid | -111 | -453 | -8,129 | -11,235 | -3,320 |
| Income taxes refunded | 1,959 | 1,980 | - | - | - |
| Net cash provided by operating activities | 9,571 | 23,196 | 3,637 | 6,619 | 11,101 |
| II. Cash flows from investing activities: | | | | | |
| Increase in fixed deposits | -398 | -622 | -967 | -1,548 | -407 |
| Decrease in fixed deposits | 605 | 915 | 1,453 | 2,904 | 279 |
| Payments for acquisition of marketable securities | -3,399 | -6,399 | -999 | -4,499 | - |
| Proceeds from sale of marketable securities | 4,199 | 10,604 | - | 4,817 | 499 |
| Payments for acquisition of fixed assets | -1,777 | -3,225 | -1,550 | -4,906 | -961 |
| Proceeds from sale of fixed assets | 1,726 | 3,770 | 542 | 2,488 | 0 |
| Purchase of investment securities | -5 | -510 | -1,542 | -3,229 | -3 |
| Proceeds from sale of investment securities | 749 | 1,073 | 600 | 1,059 | 20 |
| Other, net | -431 | -359 | 6 | 7 | 1 |
| Net cash provided by investing activities | 1,268 | 5,246 | -2,057 | -2,907 | -571 |
| III. Cash flows from financing activities: | | | | | |
| Proceeds from long-term debt | 10,000 | 10,000 | - | - | - |
| Repayment of long-term debt | -208 | -416 | -208 | -5,804 | -134 |
| Redemption of convertible bonds | -19,945 | -19,945 | - | - | - |
| Purchase of treasury stock | -1 | -3 | -4 | -2,582 | -5 |
| Proceeds from sale of treasury stock | - | - | 0 | 0 | 0 |
| Dividends paid | -879 | -1,758 | -2,637 | -4,393 | -2,594 |
| Other, net | 0 | - | 28 | 68 | 49 |
| Net cash provided by financing activities | -11,033 | -12,122 | -2,821 | -12,711 | -2,684 |
| IV. Effect of exchange rate changes on cash and cash equivalents | -29 | 49 | 43 | -42 | 22 |
| V. Net increase/decrease in cash and cash equivalents | -222 | 16,369 | -1,197 | -9,042 | 7,867 |
| VI. Cash and cash equivalent at beginning of year | 25,053 | 25,053 | 41,422 | 41,422 | 32,380 |
| . Cash and cash equivalent at end of year | 24,831 | 41,422 | 40,225 | 32,380 | 40,248 |

Capital expenditures and number of employees



Capital expenditures

(Millions of yen)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | 3/2006 Forecast |
|-------------------|--------|--------|--------|--------|--------|-----------------|
| Consolidated | 1,735 | 2,871 | 1,085 | 1,674 | 753 | 1,410 |
| Non-consolidated | 1,577 | 2,291 | 749 | 1,178 | 645 | 1,200 |

Note: 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)

| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | 3/2006 Forecast |
|--|--------|--------|--------|--------|--------|-----------------|
| Manufacturing cost | 769 | 1,626 | 764 | 1,613 | 751 | 1,570 |
| Selling, general and administrative expenses | 359 | 746 | 374 | 740 | 349 | 660 |
| R&D expenses | 738 | 1,499 | 655 | 1,312 | 534 | 1,120 |
| Others | 15 | 40 | 18 | 30 | 6 | 10 |
| Consolidated total | 1,881 | 3,914 | 1,813 | 3,696 | 1,642 | 3,360 |
| Non-consolidated | 1,524 | 3,219 | 1,484 | 3,005 | 1,317 | 2,740 |

Lease expenses

(Millions of yen)

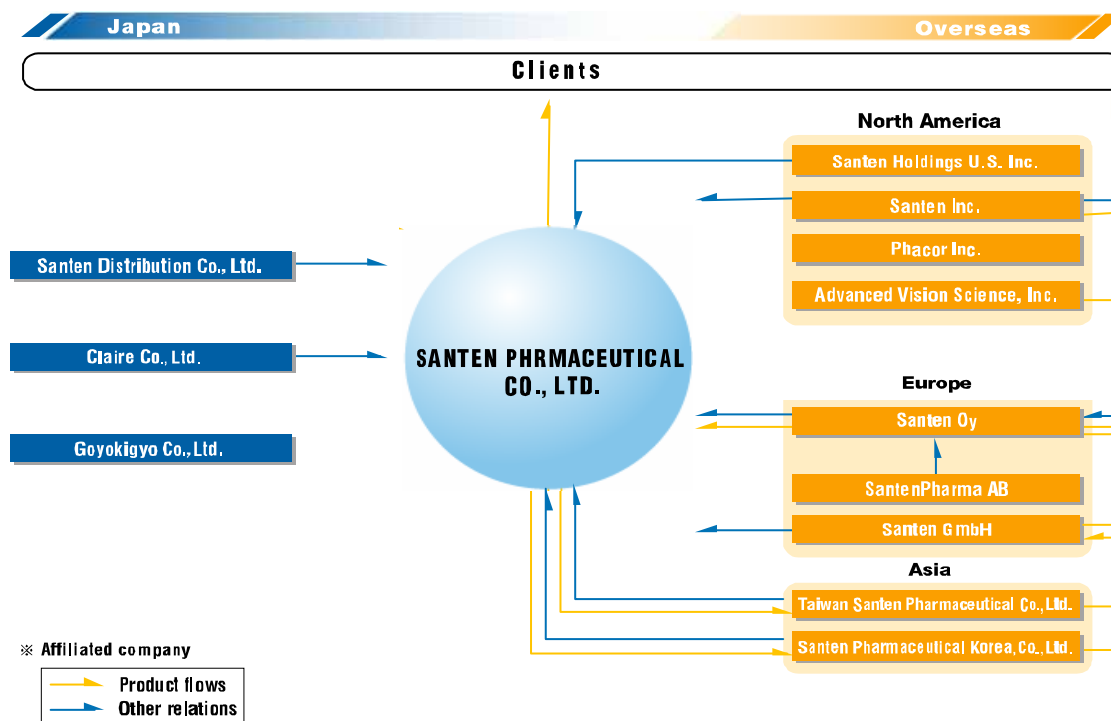
| Half year/year to | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 | 3/2006 Forecast |
|--------------------|--------|--------|--------|--------|--------|-----------------|
| Consolidated total | 313 | 784 | 461 | 1,012 | 546 | 1,110 |
| Manufacturing cost | 246 | 656 | 398 | 891 | 488 | 990 |
| Non-consolidated | 313 | 784 | 461 | 1,012 | 546 | 1,110 |

Number of employees

| At half-year/year end | 9/2003 | 3/2004 | 9/2004 | 3/2005 | 9/2005 |
|-----------------------------------|--------|--------|--------|--------|--------|
| Consolidated | 2,471 | 2,335 | 2,359 | 2,308 | 2,356 |
| sales division | 937 | 771 | 851 | 790 | 796 |
| production division | 868 | 883 | 851 | 827 | 826 |
| R&D division | 463 | 455 | 469 | 460 | 472 |
| corporate or back-office division | 203 | 226 | 188 | 231 | 262 |
| Non-consolidated | 937 | 771 | 851 | 790 | 796 |

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 | - | | | | |
| Location | Osaka, Japan | Paid-in capital | 90 million yen | Equity owned | 100% |