

[Disclaimer: The following is meant to be an accurate translation from the original Financial Report of Santen Pharmaceutical Co., Ltd., written in Japanese, and is prepared for the information disclosure to the Tokyo Stock Exchange. However, in the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail.]

SANTEN PHARMACEUTICAL CO., LTD. (August 4, 2009)

Code: 4536

URL <http://www.santen.co.jp>

Financial Report for the Three-month period ended June 30, 2009

Akira Kurokawa, President and Chief Executive Officer

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(Figures are rounded down to the nearest million yen)

1. Consolidated Performance for the three months ended June 30, 2009

	Three months ended June 30, 2009	Three months ended June 30, 2008
(1) Operating results		
Net sales (millions of yen)	29,302	25,462
Operating income (millions of yen)	10,308	(103)
Ordinary income (millions of yen)	10,477	131
Net income (millions of yen)	6,548	136
Net income per share (yen)	77.00	1.61
Diluted net income per share (yen)	76.91	1.61

	June 30, 2009	March 31, 2009
(2) Financial condition		
Total assets (millions of yen)	153,985	151,012
Net assets (millions of yen)	129,996	125,368
Equity ratio	84.3%	82.9%
Net assets per share (yen)	1,526.32	1,472.32

2. Dividends

	Year to March 2010	(Forecasts) Year to March 2010	Year to March 2009
First quarter dividends per share (yen)	0.00	—	0.00
Second quarter dividends per share (yen)	—	40.00	40.00
Third quarter dividends per share (yen)	—	0.00	0.00
End-of-period dividends per share (yen)	—	40.00	40.00
Annual dividends per share (yen)	—	80.00	80.00

3. Consolidated Forecasts of results for the year ending March 31, 2010

	First half year	Full year	(Full year) % change 2010/2009
Net sales (millions of yen)	57,000	111,000	9.2%
Operating income (millions of yen)	14,000	25,500	64.6%
Ordinary income (millions of yen)	14,000	25,500	60.0%
Net income (millions of yen)	8,500	16,000	58.1%
Net income per share (yen)	99.99	188.21	

4. Others

(1) No change on consolidated subsidiaries

(2) No alternative methods have been adopted in accounting policy

(3) No Change in accounting policy

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of period (including treasury stock)

June 30, 2009 : 86,941,203

March 31, 2009: 86,916,203

② Number of treasury stock at the end of period

June 30, 2009 : 1,894,760

March 31, 2009: 1,893,769

③ Average number of outstanding shares (during the three months ended June 30)

First quarter ended June 30,2009: 85,043,333

First quarter ended June 30,2008: 84,997,222

(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.

Quarterly consolidated balance sheets

(Millions of yen)

	June 30, 2009	March 31, 2009
Assets		
Current assets		
Cash and deposits	39,901	37,117
Notes and accounts receivable-trade	36,156	36,011
Short-term investment securities	10,497	11,396
Merchandise and finished goods	10,375	10,235
Work in process	482	75
Raw materials and supplies	1,984	1,924
Deferred tax assets	1,275	1,941
Other	2,280	2,352
Allowance for doubtful receivables	(1)	(1)
Total current assets	102,953	101,053
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,812	41,475
Accumulated depreciation and impairment loss	(26,019)	(25,611)
Buildings and structures, net	15,792	15,864
Machinery, equipment and vehicles	11,279	11,065
Accumulated depreciation and impairment loss	(8,877)	(8,633)
Machinery, equipment and vehicles, net	2,401	2,432
Land	8,679	8,678
Lease assets	64	53
Accumulated depreciation and impairment loss	(15)	(13)
Lease assets, net	49	39
Construction in progress	49	99
Other	10,774	10,585
Accumulated depreciation and impairment loss	(9,206)	(9,034)
Other, net	1,568	1,550
Total property, plant and equipment	28,541	28,664
Intangible assets		
Software	1,326	1,355
Other	117	193
Total intangible assets	1,444	1,549
Investments and other assets		
Investment securities	13,617	11,818
Deferred tax assets	5,945	6,409
Other	1,482	1,516
Total investments and other assets	21,045	19,744
Total noncurrent assets	51,031	49,959
Total assets	153,985	151,012

(Millions of yen)

	June 30, 2009	March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable -trade	5,112	6,018
Short-term borrowings	545	545
Current portion of long-term loans payable	68	110
Other payables	7,034	7,414
Income taxes payable	3,156	4,163
Provision for bonuses	1,276	2,590
Other provision	81	69
Other	2,818	1,528
Total current liabilities	20,092	22,439
Non current liabilities		
Deferred tax liabilities	22	20
Retirement and severance benefits for employee	2,521	2,393
Retirement and severance benefits for directors and auditors	444	505
Other	908	284
Total noncurrent liabilities	3,897	3,203
Total liabilities	23,989	25,643
Net assets		
Shareholders' equity		
Common stock	6,488	6,457
Capital surplus	7,183	7,152
Retained earnings	124,281	121,133
Treasury stock at cost	(4,937)	(4,934)
Total shareholders' equity	133,015	129,808
Accumulated gains on evaluation and translation		
Unrealized gains on securities, net of taxes	330	(246)
Foreign currency translation adjustments	(3,537)	(4,381)
Total accumulated gains on evaluation and translation	(3,206)	(4,628)
Stock subscription rights	188	188
Total net assets	129,996	125,368
Total liabilities and net assets	153,985	151,012

Quarterly consolidated statements of income

(Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Net sales	25,462	29,302
Cost of sales	9,142	8,585
Gross profit	16,320	20,716
Selling, general and administrative expenses	16,424	10,408
Operating loss	(103)	10,308
Non-operating income		
Interest income	35	11
Dividend income	209	150
Dividends income of life insurance	—	128
Other	106	92
Total non-operating income	351	382
Non-operating expenses		
Interest expense	23	10
Exchange losses	74	83
Equity in losses of affiliates	—	108
Other	18	12
Total non-operating expenses	115	214
Ordinary income	131	10,477
Extraordinary income		
Total extraordinary income	—	—
Extraordinary loss		
Loss on sales of noncurrent assets	8	7
Loss on impairment of golf membership right	15	—
Total extraordinary losses	23	7
Income before income taxes	107	10,469
Income taxes - current	1,366	3,107
Income taxes - deferred	(1,395)	813
Total income taxes	(28)	3,921
Net income	136	6,548

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Net cash used in operating activities		
Income before income taxes	107	10,469
Depreciation and amortization	1,109	850
Increase in retirement and severance benefits	157	126
Interest and dividend income	(245)	(161)
Interest expense	23	10
Equity in losses of affiliates	—	108
(Increase) decrease in notes and accounts receivable-trade	(1,644)	18
Increase in inventories	(15)	(441)
Decrease in notes and accounts payable-trade	(558)	(939)
Other, net	1,265	165
Subtotal	198	10,205
Interest and dividend income received	243	159
Interest expense paid	(7)	(5)
Income taxes paid	(4,216)	(4,083)
Net cash used in operating activities	(3,782)	6,276
Net cash used in investing activities		
Increase in fixed deposits	(2,138)	—
Proceeds from withdrawal of fixed deposits	—	1,044
Capital expenditures	(625)	(323)
Purchase of investment securities	(151)	(1,001)
Other	—	15
Net cash used in investing activities	(2,915)	(264)
Net cash used in financing activities		
Repayment of long-term loans payable	(42)	(42)
Dividends paid	(3,201)	(3,230)
Other, net	41	57
Net cash used in financing activities	(3,202)	(3,214)
Effect of exchange rate changes on cash and cash equivalents	327	85
Net decrease in cash and cash equivalents	(9,573)	2,882
Cash and cash equivalents at beginning of period	51,669	45,956
Cash and cash equivalents at end of period	42,096	48,838

Segment information

■ Geographic segments

Three months ended June 30, 2008 (Millions of yen)

	Japan	Europe	Others	Total	Corporate and eliminations	Consolidated total
Net sales:						
External costumers	22,761	2,522	179	25,462	—	25,462
Intersegment	522	489	808	1,820	(1,820)	—
Total	23,283	3,012	987	27,283	(1,820)	25,462
Operating income (loss)	474	80	(64)	490	(594)	(103)

Three months ended June 30, 2009 (Millions of yen)

	Japan	Europe	Others	Total	Corporate and eliminations	Consolidated total
Net sales:						
External costumers	26,506	2,256	538	29,302	—	29,302
Intersegment	837	396	496	1,730	(1,730)	—
Total	27,343	2,653	1,034	31,032	(1,730)	29,302
Operating income (loss)	10,586	204	(10)	10,781	(472)	10,308

Europe...Finland, Germany and Sweden

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

■ Overseas sales

Three months ended June 30, 2008

	Europe	North America	Asia	Total
I Overseas sales (A)	Millions of yen 2,243	Millions of yen 255	Millions of yen 1,149	Millions of yen 3,649
II Consolidated sales (B)				Millions of yen 25,462
III Overseas sales ratio (A/B)	8.8 %	1.0 %	4.5 %	14.3 %

Three months ended June 30, 2009

	Europe	North America	Asia	Total
I Overseas sales (A)	Millions of yen 1,965	Millions of yen 3,337	Millions of yen 1,433	Millions of yen 6,736
II Consolidated sales (B)				Millions of yen 29,302
III Overseas sales ratio (A/B)	6.7 %	11.4 %	4.9 %	23.0 %

Europe...Finland, Germany, Russia, Sweden and Norway

North America...U.S.A.

Asia...Korea, China, Vietnam and Taiwan