

SANTEN PHARMACEUTICAL CO., LTD. (November 1, 2006)  
Code: 4536  
URL <http://www.santen.co.jp>  
Financial Report for the Six-month period ended September 30, 2006  
(Consolidated)  
Takakazu Morita, Chairman and Chief Executive Officer  
Contact: Yoshihiro Noutsuka, Corporate Officer  
Head of Planning & Control Division Tel: 06-6321-7007

**1. Performance for the six months ended September 30, 2006**

(Figures are rounded down to the nearest million yen)

<b>(1) Operating results</b>	Six months to September 2006	Six months to September 2005	% change 2006/2005
Net sales (millions of yen)	51,380	49,785	3.2%
Operating income (millions of yen)	12,105	12,081	0.2%
Ordinary income (millions of yen)	12,247	12,302	(0.4%)
Net income (millions of yen)	7,747	7,100	9.1%
Net income per share (yen)	89.34	81.96	
Diluted net income per share (yen)	89.20	81.83	

Note: <sup>1</sup> Average number of shares outstanding

September 30, 2006: 86,719,008

September 30, 2005: 86,635,852

March 31, 2006: 86,662,338

<sup>2</sup> No change has been made in accounting policy.

<b>(2) Financial condition</b>	September 30, 2006	September 30, 2005
Total assets (millions of yen)	154,205	145,563
Net assets (millions of yen)	124,804	113,576
Shareholders' equity ratio	80.9%	78.0%
Net assets per share (yen)	1,438.24	1,310.69

Note: <sup>1</sup> Number of shares outstanding at end of period

September 30, 2006: 86,734,497

September 30, 2005: 86,654,320

March 31, 2006: 86,706,113

<b>(3) Cash flows</b>	Six months to September 2006	Six months to September 2005
Cash flows from operating activities (millions of yen)	5,866	11,101
Cash flows from investing activities (millions of yen)	(1,932)	(571)
Cash flows from financing activities (millions of yen)	(3,072)	(2,684)
Cash and cash equivalents at end of year (millions of yen)	47,142	40,248

**(4) Consolidated subsidiaries and application of the equity method**

Number of consolidated subsidiaries: 13

Number of non-consolidated subsidiaries: 0

Number of affiliated company applied the equity method: 0

**(5) Changes on consolidated subsidiaries and application of the equity method**

Number of consolidated subsidiaries: 0

Number of non-consolidated subsidiaries: 0

Number of affiliated company applied the equity method: 0

**2. Forecasts of results for the year ending March 31, 2007**

	Full year
Net sales (millions of yen)	100,500
Operating income (millions of yen)	20,700
Ordinary income (millions of yen)	20,900
Net income (millions of yen)	13,200
Reference: Expected net income per share (full-year basis)	152.19 yen

**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.

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**1. Performance for the six months ended September 30, 2006**

(Figures are rounded down to the nearest million yen)

	Six months to September 2006	Six months to September 2005	% change 2006/2005
<b>(1) Operating results</b>			
Net sales (millions of yen)	47,050	46,234	1.8%
Operating income (millions of yen)	11,712	11,972	(2.2%)
Ordinary income (millions of yen)	12,137	12,318	(1.5%)
Net income (millions of yen)	7,619	7,291	4.5%
Net income per share (yen)	87.86	84.16	

Note: <sup>1</sup> Average number of shares outstanding

September 30, 2006: 86,719,008

September 30, 2005: 86,635,852

March 31, 2006: 86,662,338

<sup>2</sup> No change has been made in accounting policy.

	September 30, 2006	September 30, 2005
<b>(2) Financial condition</b>		
Total assets (millions of yen)	156,791	148,681
Net assets (millions of yen)	128,829	118,677
Shareholders' equity ratio	82.1%	79.8%
Net assets per share (yen)	1,484.65	1,369.55

Note: <sup>1</sup> Number of shares outstanding at end of period

September 30, 2006: 86,734,497

September 30, 2005: 86,654,320

March 31, 2006: 86,706,113

<sup>2</sup> Number of treasury stock at end of period

September 30, 2006: 46,706

September 30, 2005: 41,683

March 31, 2006: 45,090

**2. Forecasts of results for the year ending March 31, 2007**

	Full year
Net sales (millions of yen)	92,100
Operating income (millions of yen)	20,300
Ordinary income (millions of yen)	21,000
Net income (millions of yen)	13,300
Reference: Expected net income per share (full-year basis)	153.34 yen

**3. Dividends condition**

	Year to March 2007	Year to March 2007 Forecast	Year to March 2006
Interim dividends per share (yen)	30.00	-	25.00
Dividends at end of period per share (yen)	-	30.00	35.00
Annual dividends per share (yen)	-	60.00	60.00

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