

SANTEN PHARMACEUTICAL CO., LTD. (July 29, 2005)

Code: 4536

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Financial Report for the Three-month period ended June 30, 2005

(Non-consolidated)

Takakazu Morita, President and Chief Executive Officer

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1. Basis of preparing the financial report for the three months ended June 30, 2005

- (1) No alternative methods have been adopted in accounting policy.
- (2) No change has been made in accounting policy.
- (3) No audit or review by certified public accountant or accounting firm

2. Performance for the three months ended June 30, 2005

(Figures are rounded down to the nearest million yen)

(1) Operating results	Three months ended	Three months ended	Year ended
	June 30, 2005	June 30, 2004	March 31, 2005
Net sales (millions of yen)	23,547	20,822	86,340
Operating income (millions of yen)	6,525	4,809	19,692
Ordinary income (millions of yen)	6,759	5,045	20,266
Net income (millions of yen)	4,275	3,198	12,602
Net income per share (yen)	49.35	36.37	143.93
Diluted net income per share (yen)	49.28	36.35	143.77

(2) **Financial condition**

	June 30, 2005	June 30, 2004	March 31, 2005
Total assets (millions of yen)	141,185	142,298	142,762
Shareholders' equity (millions of yen)	114,595	107,595	113,092
Shareholders' equity ratio	81.2%	75.6%	79.2%
Shareholders' equity per share (yen)	1,322.88	1,223.66	1,305.34

3. Forecasts of results for the year ending March 31, 2006

	Interim	Full year
Net sales (millions of yen)	46,100	91,100
Operating income (millions of yen)	10,900	21,200
Ordinary income (millions of yen)	11,200	21,600
Net income (millions of yen)	7,000	13,400
Interim dividends per share (yen)	25.00	-
Dividends at end of period per share (yen)	-	25.00
Annual dividends per share (yen)	-	50.00
Reference: Expected net income per share (full-year basis)		154.69 yen

Caution)

The aforementioned forecast in this brief financial report reflects the Company's current analysis of data available and the Company's assumption as of July 29, 2005. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses; competitive pressures; changes in related laws and regulations; status of product development programs; and changes in exchange rates.

Quarterly Non-consolidated balance sheets

(Millions of yen)

	June 30,2005		June 30,2004		Increase and decrease		March 31,2005	
	Yen	Composition	Yen	Composition	Yen	% Change 2005.6/2004.6	Yen	Composition
Assets								
Current assets	77,074	54.6 %	76,891	54.0 %	183	0.2 %	78,075	54.7 %
Cash and deposits	18,809		24,638		5,829		21,924	
Notes receivable -trade	358		527		169		374	
Accounts receivable -trade	35,630		31,941		3,689		34,197	
Marketable securities	10,379		8,358		2,021		9,046	
Goods in stock	2,074		1,806		268		2,286	
Finished products	4,387		4,249		138		4,363	
Other inventories	1,698		1,907		209		1,677	
Deferred tax assets	952		994		42		1,609	
Other current assets	2,801		2,726		75		2,612	
Allowance for doubtful receivables	18		258		240		18	
Fixed assets	64,110	45.4	65,406	46.0	1,296	2.0	64,687	45.3
Tangible assets	(28,340)	(20.1)	(32,304)	(22.7)	(3,964)	(12.3)	(28,459)	(19.9)
Buildings	15,750		17,425		1,675		16,061	
Machinery and equipment	1,038		765		273		975	
Land	9,227		10,330		1,103		9,227	
Construction in progress	279		1,518		1,239		156	
Other tangibles	2,044		2,264		220		2,038	
Intangible assets	(2,012)	(1.4)	(2,505)	(1.8)	(493)	(19.7)	(2,073)	(1.5)
Patents	394		546		152		432	
Trademarks	565		687		122		596	
Software	932		1,045		113		966	
Other intangibles	120		226		106		78	
Investments and other assets	(33,757)	(23.9)	(30,596)	(21.5)	(3,161)	(10.3)	(34,154)	(23.9)
Investment securities	14,030		11,805		2,225		14,309	
Investment in subsidiaries	13,145		13,197		52		13,145	
Deferred tax assets	1,138		1,536		398		948	
Other assets	5,443		4,060		1,383		5,751	
Allowance for doubtful receivables	-		3		3		-	
Total assets	141,185	100.0	142,298	100.0	1,113	0.8	142,762	100.0

(Millions of yen)

	June 30,2005		June 30,2004		Increase and decrease		March 31,2005	
	Yen	Composition	Yen	Composition	Yen	% Change 2005.6/2004.6	Yen	Composition
Liabilities								
Current liabilities	17,561	12.4 %	15,615	11.0 %	1,946	12.5 %	20,686	14.5 %
Accounts payable -trade	5,258		4,264		994		5,469	
Current portion of long-term debt	268		416		148		268	
Other payables	7,595		7,504		91		8,732	
Income taxes payable	1,960		988		972		3,372	
Reserve for bonuses	1,005		937		68		2,037	
Reserve for returned goods unsold	164		264		100		199	
Other current liabilities	1,310		1,238		72		606	
Noncurrent liabilities	9,028	6.4	19,087	13.4	10,059	52.7	8,983	6.3
Long-term debt	6,572		12,179		5,607		6,614	
Retirement and severance benefits for employee	1,497		5,412		3,915		1,420	
Retirement and severance benefits for directors and auditors	414		401		13		402	
Other liabilities	545		1,095		550		546	
Total liabilities	26,589	18.8	34,702	24.4	8,113	23.4	29,670	20.8
Shareholders' equity								
Common stock	6,251	4.5	6,214	4.4	37	0.6	6,247	4.4
Capital surplus reserves	6,946	4.9	6,908	4.8	38	0.6	6,942	4.9
Additional paid-in capital	6,946		6,908		38		6,942	
Other capital surplus reserves	0		0		0		0	
Gain on sale of treasury stock	0		0		0		0	
Retained earnings	99,579	70.6	92,831	65.2	6,748	7.3	97,927	68.6
Earning reserve	1,551		1,551		-		1,551	
Voluntary reserves	89,782		84,775		5,007		84,775	
Undivided profits	8,245		6,503		1,742		11,600	
Unrealized holding gains on securities	1,892	1.3	1,683	1.2	209	12.4	2,048	1.4
V Treasury stock at cost	75	0.1	41	0.0	34	82.9	74	0.1
Total shareholders' equity	114,595	81.2	107,595	75.6	7,000	6.5	113,092	79.2
Total liabilities and shareholders' equity	141,185	100.0	142,298	100.0	1,113	0.8	142,762	100.0

Quarterly Non-consolidated income statements

(Millions of yen)

	Three months ended June 30,2005		Three months ended June 30,2004		Increase and decrease		Year ended March 31,2005	
	Yen	Composition	Yen	Composition	Yen	% Change 2005.6/2004.6	Yen	Composition
Net sales	23,547	100.0 %	20,822	100.0 %	2,725	13.1 %	86,340	100.0 %
Cost of sales	7,987	33.9	7,296	35.0	691	9.5	29,964	34.7
Gross profit	15,559	66.1	13,525	65.0	2,034	15.0	56,376	65.3
Selling, general and administrative expenses	9,033	38.4	8,716	41.9	317	3.6	36,684	42.5
Operating income	6,525	27.7	4,809	23.1	1,716	35.7	19,692	22.8
Non operating income	(256)	(1.1)	(282)	(1.3)	(26)	(9.2)	(809)	(1.0)
Interest and dividend income	153		94		59		277	
Others	102		188		86		531	
Non operating expenses	(23)	(0.1)	(46)	(0.2)	(23)	(50.0)	(234)	(0.3)
Interest expense	21		36		15		143	
Others	2		9		7		90	
Ordinary income	6,759	28.7	5,045	24.2	1,714	34.0	20,266	23.5
Extraordinary gain	(-)	(-)	(229)	(1.1)	(229)	(100.0)	(766)	(0.9)
Gains on sale of fixed assets	-		229		229		233	
Others	-		-		-		531	
Extraordinary loss	(12)	(0.1)	(9)	(0.0)	(3)	(33.3)	(1,080)	(1.3)
Loss on disposal of fixed assets	12		2		10		84	
Others	-		7		7		995	
Income before income taxes	6,746	28.6	5,265	25.3	1,481	28.1	19,952	23.1
Income taxes - current	1,898	8.0	804	3.9	1,094	136.1	6,362	7.4
Income taxes - deferred	573	2.4	1,261	6.0	688	54.6	987	1.1
Net income	4,275	18.2	3,198	15.4	1,077	33.7	12,602	14.6
Unappropriated retained earnings brought forward	3,970		3,305		665		3,305	
Retirement of treasury stock	-		-		-		2,548	
Interim dividends	-		-		-		1,758	
Undivided profits	8,245		6,503		1,742		11,600	