

SANTEN PHARMACEUTICAL CO., LTD. (January 31, 2007)
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Financial Report for the Nine-month period ended December 31, 2006
(Non-consolidated)
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1. Basis of preparing the financial report for the nine months ended December 31, 2006

- (1) No alternative methods have been adopted in accounting policy.
(2) No change has been made in accounting policy.

2. Performance for the nine months ended December 31, 2006

(Figures are rounded down to the nearest million yen)

	Nine months ended	Nine months ended	Year ended
	December 31, 2006	December 31, 2005	March 31, 2006
(1) Operating results			
Net sales (millions of yen)	71,451	71,383	90,840
Operating income (millions of yen)	18,054	19,004	20,644
Ordinary income (millions of yen)	18,675	19,547	21,376
Net income (millions of yen)	11,903	11,944	13,118
Net income per share (yen)	137.26	137.84	151.37
Diluted net income per share (yen)	137.01	137.62	151.12
(2) Financial condition			
	December 31, 2006	December 31, 2005	March 31, 2006
Total assets (millions of yen)	157,582	149,196	153,300
Net assets (millions of yen)	131,443	121,435	123,495
Shareholders' equity ratio	83.4%	81.4%	80.6%
Net assets per share (yen)	1,515.32	1,400.90	1,424.30

3. 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)	153.33 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.

Quarterly Non-consolidated balance sheets

(Millions of yen)

	December 31,2006		December 31,2005		Increase and decrease		March 31,2006	
	Yen	Composition	Yen	Composition	Yen	% Change 2006.12/2005.12	Yen	Composition
Assets								
Current assets	89,177	56.6 %	85,053	57.0 %	4,124	4.8 %	88,004	57.4 %
Cash and deposits	25,637		27,284		(1,647)		31,655	
Notes receivable -trade	388		506		(118)		287	
Accounts receivable -trade	36,046		36,526		(480)		32,734	
Marketable securities	16,914		10,200		6,714		11,201	
Goods in stock	2,124		1,967		157		2,674	
Finished products	3,635		3,737		(102)		4,522	
Other inventories	1,595		1,471		124		1,416	
Deferred tax assets	905		1,037		(132)		1,647	
Other current assets	1,930		2,325		(395)		1,864	
Allowance for doubtful receivables	(0)		(4)		4		(0)	
Fixed assets	68,404	43.4	64,142	43.0	4,262	6.6	65,296	42.6
Tangible assets	(25,562)	(16.2)	(26,674)	(17.9)	((1,112))	((4.2))	(26,489)	(17.3)
Buildings	13,589		14,798		(1,209)		14,504	
Machinery and equipment	961		964		(3)		1,052	
Land	8,555		8,786		(231)		8,786	
Construction in progress	608		279		329		269	
Other tangibles	1,847		1,845		2		1,876	
Intangible assets	(1,850)	(1.2)	(1,827)	(1.2)	(23)	(1.3)	(1,961)	(1.3)
Patents	166		318		(152)		280	
Trademarks	388		503		(115)		477	
Software	693		784		(91)		828	
Other intangibles	601		220		381		374	
Investments and other assets	(40,991)	(26.0)	(35,640)	(23.9)	(5,351)	(15.0)	(36,845)	(24.0)
Investment securities	21,345		16,104		5,241		17,711	
Investment in subsidiaries	14,263		13,145		1,118		13,367	
Deferred tax assets	-		757		(757)		312	
Other assets	5,383		5,634		(251)		5,454	
Total assets	157,582	100.0	149,196	100.0	8,386	5.6	153,300	100.0

(Millions of yen)

	December 31,2006		December 31,2005		Increase and decrease		March 31,2006	
	Yen	Composition	Yen	Composition	Yen	% Change 2006.12/2005.12	Yen	Composition
Liabilities								
Current liabilities	18,084	11.5 %	19,451	13.0 %	(1,367)	(7.0) %	22,573	14.7 %
Accounts payable -trade	5,098		4,729		369		5,115	
Current portion of long-term debt	168		768		(600)		168	
Other payables	8,515		8,098		417		9,672	
Income taxes payable	2,185		3,568		(1,383)		4,910	
Reserve for bonuses	979		1,023		(44)		1,988	
Reserve for returned goods unsold	74		110		(36)		81	
Other current liabilities	1,062		1,152		(90)		637	
Noncurrent liabilities	8,054	5.1	8,309	5.6	(255)	(3.1)	7,231	4.7
Long-term debt	5,320		5,938		(618)		5,446	
Retirement and severance benefits for employee	1,380		1,641		(261)		1,057	
Retirement and severance benefits for directors and auditors	509		457		52		462	
Deferred tax liabilities	844		-		844		-	
Other liabilities	0		272		(272)		265	
Total liabilities	26,138	16.6	27,760	18.6	(1,622)	(5.8)	29,804	19.4
Shareholders' equity								
Common stock	-	-	6,297	4.2	-	-	6,319	4.1
Capital surplus reserves	-	-	6,992	4.7	-	-	7,014	4.6
Additional paid-in capital	-	-	6,991		-	-	7,013	
Other capital surplus reserves	-	-	0		-	-	0	
Gain on sale of treasury stock	-	-	0		-	-	0	
Retained earnings	-	-	105,082	70.4	-	-	106,256	69.3
Earning reserve	-	-	1,551		-	-	1,551	
Voluntary reserves	-	-	89,782		-	-	89,782	
Undivided profits	-	-	13,748		-	-	14,922	
Unrealized holding gains on securities	-	-	3,151	2.1	-	-	3,995	2.6
V Treasury stock at cost	-	-	(87)	(0.0)	-	-	(90)	(0.0)
Total shareholders' equity	-	-	121,435	81.4	-	-	123,495	80.6
Total liabilities and shareholders' equity	-	-	149,196	100.0	-	-	153,300	100.0
Net assets								
Shareholders' equity	125,821	79.9	-	-	-	-	-	-
Common stock	6,352	4.0	-	-	-	-	-	-
Capital surplus reserves	7,047	4.5	-	-	-	-	-	-
Additional paid-in capital	7,047		-	-	-	-	-	-
Other capital surplus reserves	0		-	-	-	-	-	-
Retained earnings	112,523	71.4	-	-	-	-	-	-
Earning reserve	1,551		-	-	-	-	-	-
Other retained earnings	110,972		-	-	-	-	-	-
Reserve for retirement benefit	372		-	-	-	-	-	-
Special depreciation reserve	294		-	-	-	-	-	-
General reserve	89,109		-	-	-	-	-	-
Retained earnings carried forward	21,196		-	-	-	-	-	-
Treasury stock at cost	(102)	(0.0)	-	-	-	-	-	-
Valuation and translation adjustments	5,562	3.5	-	-	-	-	-	-
Unrealized holding gains on securities	5,564	3.5	-	-	-	-	-	-
Deferred hedging gain or loss	(1)	(0.0)	-	-	-	-	-	-
Stock acquisition rights	59	0.0	-	-	-	-	-	-
Total net assets	131,443	83.4	-	-	-	-	-	-
Total liabilities and net assets	157,582	100.0	-	-	-	-	-	-

Quarterly Non-consolidated income statements

(Millions of yen)

	Nine months ended December 31,2006		Nine months ended December 31,2005		Increase and decrease		Year ended March 31,2006	
	Yen	Composition	Yen	Composition	Yen	% Change 2006.12/2005.12	Yen	Composition
Net sales	71,451	100.0 %	71,383	100.0 %	68	0.1 %	90,840	100.0 %
Cost of sales	24,257	33.9	23,979	33.6	278	1.2	30,798	33.9
Gross profit	47,194	66.1	47,403	66.4	(209)	(0.4)	60,042	66.1
Selling, general and administrative expenses	29,139	40.8	28,399	39.8	740	2.6	39,397	43.4
Operating income	18,054	25.3	19,004	26.6	(950)	(5.0)	20,644	22.7
Non operating income	(708)	(0.9)	(617)	(0.9)	(91)	(14.7)	(888)	(1.0)
Interest and dividend income	322		246		76		262	
Others	386		371		15		626	
Non operating expenses	(88)	(0.1)	(74)	(0.1)	(14)	(18.9)	(156)	(0.2)
Interest expense	55		61		(6)		79	
Others	32		12		20		76	
Ordinary income	18,675	26.1	19,547	27.4	(872)	(4.5)	21,376	23.5
Extraordinary gain	(250)	(0.4)	(16)	(0.0)	(234)	(1,462.5)	(41)	(0.0)
Reversal of allowance for doubtful receivables	—		13		(13)		18	
Gain on sale of fixed assets	250		2		248		3	
Others	—		0		(0)		20	
Extraordinary loss	(71)	(0.1)	(946)	(1.3)	(875)	(92.5)	(1,035)	(1.1)
Loss on impairment of fixed assets	—		908		(908)		908	
Loss on disposal of fixed assets	14		37		(23)		126	
Loss on liquidation of subsidiaries	55		—		55		—	
Others	0		—		0		0	
Income before income taxes	18,854	26.4	18,617	26.1	237	1.3	20,382	22.4
Income taxes - current	6,115	8.6	6,658	9.4	(543)	(8.2)	7,987	8.8
Income taxes - deferred	835	1.1	14	0.0	821	5,864.3	(723)	(0.8)
Net income	11,903	16.7	11,944	16.7	(41)	(0.3)	13,118	14.4

Quarterly Non-consolidated statements of shareholders' equity

(Millions of yen)

	Shareholders' equity									
	Common Stock	Capital surplus reserves		Retained earnings					Treasury stock at cost	Total share- holders' equity
		Additional paid-in capital	Other capital surplus reserves	Earning reserve	Other retained earnings					
					Reserve for retirement benefit	Special depreciation reserve	General reserve	Retained earnings carried forward		
Balance at March 31, 2006	6,319	7,013	0	1,551	372	301	89,109	14,922	(90)	119,499
Changes during the period										
New issue of stock	33	33								66
Cash dividends								(5,636)		(5,636)
Reversal of special depreciation reserve						(100)		100		-
Reserve of special depreciation reserve						93		(93)		-
Net income								11,903		11,903
Repurchases of treasury stock									(12)	(12)
Disposal of treasury stock			0						0	0
Changes in items other than shareholders' equity (net)										-
Total changes during the period	33	33	0	-	-	(7)	-	6,273	(12)	6,321
Balance at December 31, 2006	6,352	7,047	0	1,551	372	294	89,109	21,196	(102)	125,821

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Unrealized holding gains on securities	Deferred hedging gain or loss	Total valuation and translation adjustments		
Balance at March 31, 2006	3,995	-	3,995	-	123,495
Changes during the period					
New issue of stock					66
Cash dividends					(5,636)
Reversal of special depreciation reserve					-
Reserve of special depreciation reserve					-
Net income					11,903
Repurchases of treasury stock					(12)
Disposal of treasury stock					0
Changes in items other than shareholders' equity (net)	1,568	(1)	1,567	59	1,626
Total changes during the period	1,568	(1)	1,567	59	7,947
Balance at December 31, 2006	5,564	(1)	5,562	59	131,443