



Consolidated Financial Results for the Q3 FY2006

January 31, 2007

Santen Pharmaceutical Co., Ltd



Consolidated Performance Summary

(Billions of yen)

	Year ended March 2006 Q3 Actual	Year ending March 2007		
		Q3 Actual	Change	% Change
Net Sales	76.7	77.7	1.0	1.3 %
Operating Income	19.1	18.4	-0.7	-3.7 %
Ordinary Income	19.5	18.6	-0.9	-4.5 %
Net Income	11.7	11.8	0.1	1.2 %



Net Sales by Business Segment / Overseas Sales

Net Sales by Business Segment

(Billions of yen)

	Year ending March 2007, Q3 Actual					
	Japan		Overseas		Total	
	Net Sales	Change	Net Sales	Change	Net Sales	Change
Prescrip. pharmaceutical	62.84	-0.4 %	8.42	12.4 %	71.27	1.0 %
Ophthalmic	55.37	-0.8 %	8.20	12.3 %	63.58	0.7 %
Anti-rheumatic	7.27	2.7 %	0.17	13.2 %	7.44	2.9 %
Others	0.19	15.3 %	0.04	27.1 %	0.24	17.5 %
OTC pharmaceuticals	4.03	-1.1 %	0.01	35.6 %	4.05	-1.0 %
Medical Devices	0.39	-16.9 %	0.01	5.3 %	0.40	-16.2 %
Others	0.42	-19.1 %	1.60	51.9 %	2.02	28.3 %
Total	67.70	-0.7 %	10.06	17.3 %	77.76	1.3 %

Overseas Sales

(Billions of yen)

	Year ended March 2006 Q3 Actual	Year ending March 2007		
		Q3 Actual	Change	% Change
Europe	4.68	4.97	0.29	6.0 %
North America	0.99	1.58	0.59	59.6 %
Others	2.89	3.50	0.61	21.2 %
Total	8.57	10.06	1.49	17.3 %



Consolidated Net Sales: Variances

Net sales for the
nine months ended
Dec.2005 [Q3]
76.75 bill. yen

+1.01 bill. yen

Net sales for the
nine months ended
Dec.2006 [Q3]
77.76 bill. yen

Japan - 0.48 bill. yen

[Increase]

⊕ RA drugs + 0.19 bill. yen

[Decrease]

⊕ Prescrip. Ophthalmics - 0.45 bill. yen

⊕ OTC pharma. - 0.04 bill. yen

⊕ Medical devices - 0.08 bill. yen

⊕ Others - 0.10 bill. yen
(Contract manufacturing)

Overseas + 1.49 bill. yen

[Increase]

⊕ Europe + 0.29 bill. yen

⊕ North America + 0.59 bill. yen

⊕ Asia & Others + 0.61 bill. yen

China + 0.10 bill. yen

Korea + 0.46 bill. yen

Prescrip. ophthalmics in Japan

⊕ Anti-infective - 0.74 bill. yen

⊕ Corneal disease + 0.39 bill. yen

⊕ Glaucoma - 0.29 bill. yen

⊕ Allergy + 0.16 bill yen

⊕ Others + 0.03 bill yen

Europe

⊕ Prescrip. Ophthalmics + 0.40 bill. yen

⊕ Russia - 0.23 bill. yen

⊕ Germany + 0.05 bill. yen

⊕ Finland + 0.12 bill. Yen

⊕ Sweden + 0.12 bill. yen

⊕ Contract manufacturing, etc. - 0.11 bill. yen

North America

⊕ Prescrip. Ophthalmics - 0.07 bill. yen

⊕ Contract manufacturing, etc. + 0.66 bill. yen



Summary of Changes in Income Statements (1)

(Billions of yen)

	Year ended March 2005	Year ending March 2007		Major factors
	Q3 Actual	Q3 Actual	Change	
Net sales	76.7	77.7	1.0	
Cost of Sales (% of net sales)	26.6 34.8%	27.2 35.1%	0.6 0.3 ppt	<ul style="list-style-type: none"> • NHI drug price reductions (+0.7ppt) • Change in Product mix (+0.1ppt) • Cost reduction (-0.3ppt)
Selling, general and administrative expenses (% of net sales)	30.8 40.2%	32.0 41.1%	1.2 0.9 ppt	
SGA expenses excl. R&D (% of net sales)	21.3 27.9%	22.6 29.1%	1.3 1.2 ppt	<ul style="list-style-type: none"> • Japan Selling expenses increase (+0.6 billion) • Asia Selling expenses increase (+0.2 billion) • Europe Selling expenses increase (+0.3 billion)
R&D expenditures (% of net sales)	9.5 12.4%	9.3 12.1%	-0.2 -0.3 ppt	<ul style="list-style-type: none"> • Decrease in Glaucoma treatments (-0.9billion) • Increase in Cornea disorder treatments (+0.5billion) • Increase in Vitreoretinal disorder treatments (+0.1billion)
Operating income (% of net sales)	19.1 25.0%	18.4 23.8%	-0.7 -1.2 ppt	



Summary of Changes in Income Statements (2)

(Billions of yen)

	Year ended March 2005	Year ending March 2007		Major factors
	Q3 Actual	Q3 Actual	Change	
Non-operating income/expenses	0.4	0.2	-0.2	
Non-operating income	0.7	0.7	0.0	{ 05/12 } Interest income (0.2 billion) Currency exchange gain (0.2 billion) { 06/12 } Interest income (0.3 billion)
Non-operating expenses	0.3	0.5	0.2	{ 05/12 } Interest income (0.1 billion) { 06/12 } Interest income (0.1 billion) Currency exchange loss (0.2 billion)
Ordinary income	19.5	18.6	-0.9	
Extraordinary gain/loss	-1.0	0.2	1.2	
Extraordinary gain	0	0.2	0.2	{ 06/12 } Gain on sales of fixed assets (0.2 billion)
Extraordinary loss	1.0	0.0	-1.0	{ 05/12 } Loss on impairment of fixed assets (0.9billion) Additional amount for retirement benefit (0.1billion)
Net income before tax	18.4	18.8	0.4	
income taxes	6.7	6.9	0.2	Tax rate { 05/12 } 36.4% { 06/12 } 37.0%
Net income	11.7	11.8	0.1	



Performance by Geographic Segment

Net Sales

(Billions of yen)

	Year ended March 2006 Q3 Actual	Year ending March 2007	
		Q3 Actual	Change
Japan	70.7	70.5	-0.2
Europe	5.7	6.6	0.9
Europe	4.7	5.0	0.3
United States	0.9	1.5	0.6
Others	0.2	0.5	0.3
Total	76.7	77.7	1.0

Operating income

(Billions of yen)

	Year ended March 2006 Q3 Actual	Year ending March 2007	
		Q3 Actual	Change
Japan	20.5	19.2	-1.3
Europe	0.4	0.7	0.3
Europe	0.0	0.0	0.0
United States	0.4	0.7	0.3
Others	-0.3	-0.4	-0.1
Elimination	-1.4	-1.1	0.3
Total	19.1	18.4	-0.7

“Others” are U.S., China, Korea and Taiwan. Major sales and expenses of “Others” are:

Sales: Prescription pharmaceuticals in Korea and Taiwan

Expenses: U.S. R&D expenses for medical devices

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Balance Sheets

(Billions of yen)

	End of March 2006		End of December 2006		
	Actual	% of total	Actual	% of total	Change
Current assets	93.8	62.4%	96.5	62.3%	2.7
Fixed assets	56.5	37.6%	58.4	37.7%	1.9
Total assets	150.4	100.0%	155.0	100.0%	4.6
Current liabilities	24.1	16.0%	19.0	12.3%	-5.1
Noncurrent liabilities	7.7	5.1%	8.5	5.5%	0.7
Total liabilities	31.8	21.1%	27.5	17.8%	-4.3
Total net assets	118.6	78.9%	127.4	82.2%	8.8
Total liabilities and net assets	150.4	100.0%	155.0	100.0%	4.6

Major changes

- Current assets:
[Increase] Notes and accounts receivable +3.5 billion yen, marketable securities +5.7 billion yen
[Decrease] Cash and deposits -4.9 billion yen, inventories -1.0 billion yen, deferred tax assets -0.7 billion yen
- Fixed assets:
[Increase] Investment securities +3.6 billion yen
[Decrease] Intangible assets -0.3 billion yen, deferred tax assets -0.3 billion yen, other assets -0.8 billion yen
- Current liabilities: Accounts payable -1.1 billion yen, income taxes payable -2.7 billion yen, reserve for bonuses -1.1 billion yen
- Noncurrent liabilities: Deferred tax liabilities +0.8 billion yen
- Net assets
[Increase] Net income +11.8 billion yen, unrealized holding gains on securities +1.5 billion yen
[Decrease] Dividends -5.6 billion yen



Summary of Cash Flows

(Billions of yen)

	Year ending March 2007 Q3 Actual	Major changes									
Cash and cash equivalent beginning of fiscal year	46.1										
Net increase/decrease in cash and cash equivalent	-0.3										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; padding: 5px;">Cash flows from operating activities</td> <td style="width: 10%; text-align: center; padding: 5px;">8.9</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> · Income before income taxes 18.8 · Depreciation and amortization 3.5 · Increase in trade receivable -3.2 · Decrease in inventory 1.1 · Decrease in trade accounts payable -0.2 · Decrease in reserve for bonuses -1.0 · Income taxes paid -8.8 </td> </tr> <tr> <td style="padding: 5px;">Cash flows from investing activities</td> <td style="text-align: center; padding: 5px;">-3.9</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> · Balance of acquisition and sell of fixed assets -1.9 · Payments for acquisition of investment securities -2.0 </td> </tr> <tr> <td style="padding: 5px;">Cash flows from financing activities</td> <td style="text-align: center; padding: 5px;">-5.5</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> · Long-term debt -0.1 · Cash dividends paid -5.5 </td> </tr> </table>	Cash flows from operating activities	8.9	<ul style="list-style-type: none"> · Income before income taxes 18.8 · Depreciation and amortization 3.5 · Increase in trade receivable -3.2 · Decrease in inventory 1.1 · Decrease in trade accounts payable -0.2 · Decrease in reserve for bonuses -1.0 · Income taxes paid -8.8 	Cash flows from investing activities	-3.9	<ul style="list-style-type: none"> · Balance of acquisition and sell of fixed assets -1.9 · Payments for acquisition of investment securities -2.0 	Cash flows from financing activities	-5.5	<ul style="list-style-type: none"> · Long-term debt -0.1 · Cash dividends paid -5.5 		
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Cash flows from financing activities	-5.5	<ul style="list-style-type: none"> · Long-term debt -0.1 · Cash dividends paid -5.5 									
Net increase/decrease in cash and cash equivalent	0.2										
Cash and cash equivalents, end of Q3	45.8										

Note: "Cash and cash equivalents" include cash equivalents, and thus differ from "cash and deposits" shown in the Balance Sheets.



Capital expenditures / Depreciation and amortization / Lease expenses

(Billions of yen)

	Year ended March 2006 Q3 Actual	Year ending March 2007	
		Q3 Actual	% change
Capital expenditure	0.8	1.8	1.0
Depreciation and amortization	2.4	2.2	-0.2
Lease expenses	0.8	0.7	-0.1

Capital expenditures Q3 Year ending March, 2007 major item

- Investment in constructing a manufacturing plant in China
- Remodeling of existing production facilities
- Replacing of machinery for R&D
- etc.