



SANTEN PHARMACEUTICAL CO.,LTD.

Data Book 2006

Half Year Ended September 30, 2005

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2003-2005 Medium-term Management Plan

To lay the groundwork for significant advances in the year ending March 31, 2007 and beyond, Santen will devote the next three years to thoroughly overhauling its earnings structure and bolstering its R&D capabilities. By doing so, Santen aims to evolve into a company that makes R&D - in the fields of ophthalmic and rheumatic/osteoarthritic treatments - the source of growth, in addition to its existing strength in sales and marketing.

. Basic Objectives

1. Restoration of Profitability
2. Strengthening of R&D
3. Reinforcement of Organizational Strength

. Financial Targets

(Billions of yen, except ROE)

	Year ending March 2006	Year ending March 2003
Net sales	93.0	90.2
Operating income	18.0	12.6
Net income	10.0	8.5
Return on equity (ROE)	10.0%	8.8%

. Key Issues

1. Restoration of Profitability

- Early profitability of U.S. operations
- Reduction of expenses
- Maintenance and improvement of domestic earnings base

2. Strengthening of R&D

- Accelerating new product development
- Enhancing the pipeline of drug candidates through focused resource allocation

3. Reinforcement of Organizational Strength

- Strengthening of corporate governance
- Employee education and enhancement of organizational management capabilities

Note: For details, please visit our Web site
(<http://www.santen.co.jp/ir/en/news/pdf/200302202.pdf>).

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Financial highlights

[Consolidated]

Financial summary

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change
Net sales	46,153	89,857	45,084	92,696	49,785	10.4	98,000	5.7
Operating income	7,443	14,525	9,539	18,982	12,081	26.7	21,200	11.7
Ordinary income	6,628	15,790	9,532	18,837	12,302	29.1	21,500	14.1
Net income	3,020	6,321	4,878	11,022	7,100	45.6	12,900	17.0
Dividends per share (yen)	10	40	20	50	25	-	50	-
Payout ratio (%)	29.1	55.8	36.0	39.7	30.5	-	-	-

Balance sheets summary

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change
Total assets	141,828	150,237	147,148	139,979	145,563	-1.1
Shareholders' equity	99,942	103,499	105,347	108,239	113,576	7.8
Interest-bearing debts	12,894	12,686	12,478	6,883	6,748	-45.9

Financial indexes

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change
EPS (yen)	34.35	71.65	55.47	125.85	81.96	47.8	148.87	18.3
BPS(yen)	1,136.60	1,176.83	1,197.86	1,249.32	1,310.69	9.4	-	-
Debt equity ratio (times)	0.13	0.12	0.11	0.06	0.06	-	-	-
PER (times)	18.2	24.3	17.9	18.3	17.9	-	-	-
PBR (times)	1.10	1.50	1.65	1.84	2.24	-	-	-
ROE (%)	6.1	6.3	9.3	10.4	12.8	-	-	-
ROA(%)	4.2	4.3	6.6	7.6	9.9	-	-	-
* Free cash flows (millions of yen)	7,794	19,971	2,087	1,713	10,140	385.9	-	-
* EBITDA (millions of yen)	8,456	18,660	10,580	23,367	13,627	28.8	-	-

*Free cash flows = (Cash flows from operating activities) - (Capital expenditures),

Not adjusting increase/decrease in trade receivables for fiscal years ending on holidays.

*EBITDA = (Income before income taxes) + (Interest expenses) + (Depreciation and amortization)

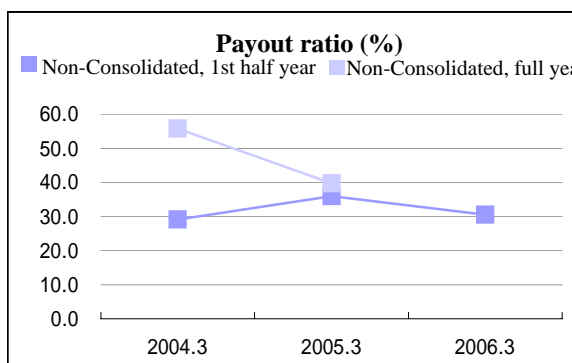
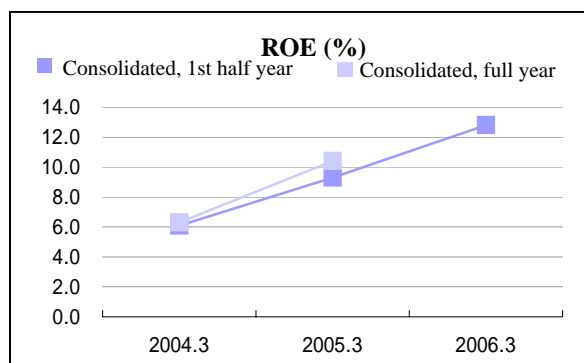
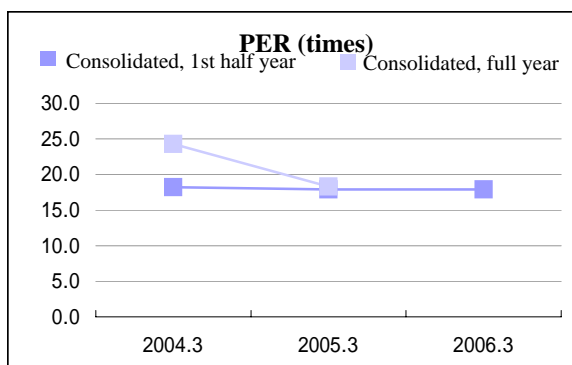
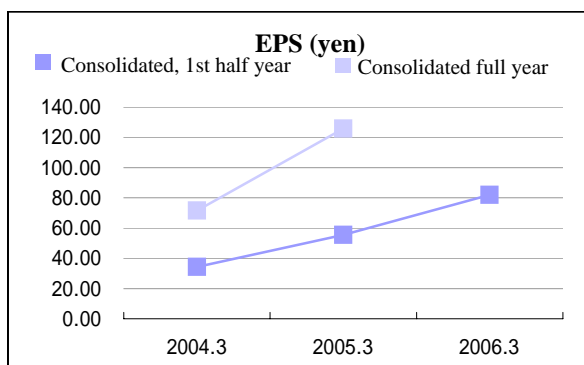
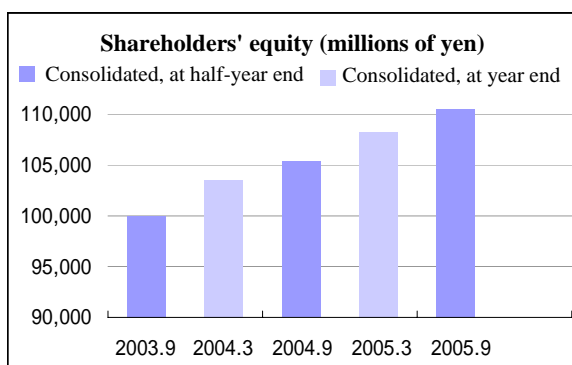
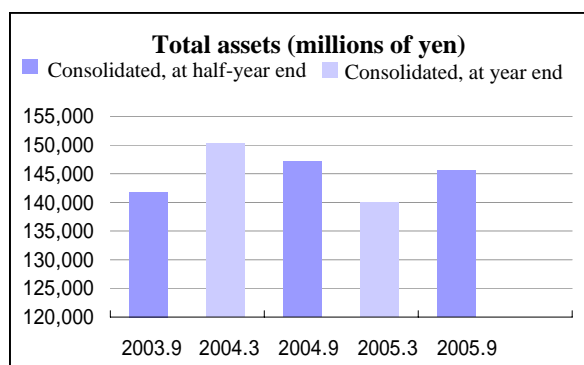
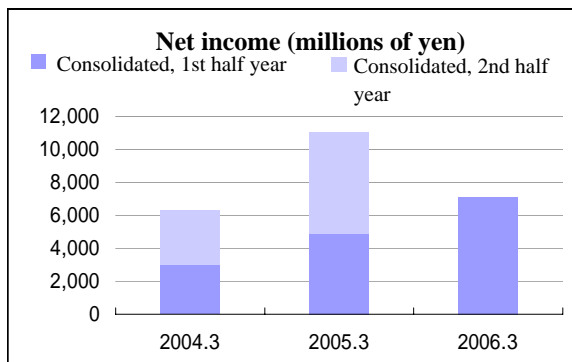
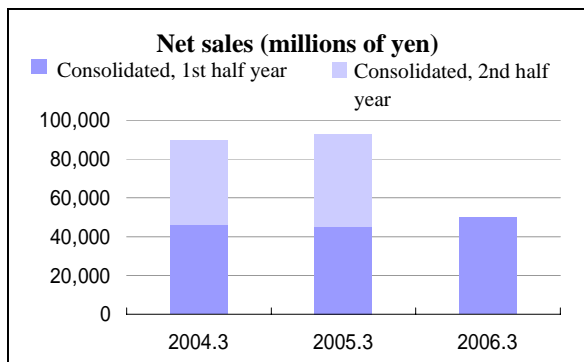
Other figures

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change
R&D expenses (millions of yen)	6,245	11,853	5,868	12,619	5,971	1.7	13,200	4.6
Capital expenditures (millions of yen)	1,735	2,871	1,085	1,674	753	-30.6	1,410	-15.8
yen)	1,881	3,914	1,813	3,696	1,642	-9.4	3,360	-9.1
Number of employees	2,471	2,335	2,359	2,308	2,356	-	-	-

[Non-consolidated]

Financial summary

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change
Net sales (millions of yen)	40,928	80,227	41,897	86,340	46,234	10.4	91,200	5.6
Operating income (millions of yen)	8,759	17,469	9,776	19,692	11,972	22.5	21,600	9.7
Ordinary income (millions of yen)	8,320	18,680	10,221	20,266	12,318	20.5	22,200	9.5
Net income (millions of yen)	4,998	7,176	6,008	12,602	7,291	21.4	13,800	9.5
Dividends per share (yen)	10	40	20	50	25	-	50	-
Payout ratio (%)	17.6	49.2	29.2	34.7	29.7	-	-	-
Total amount of dividends (million of yen)	879	3,517	1,758	4,357	2,166	-	-	-



Consolidated Information

Consolidated income statements

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous half year (%)
Net sales	46,153	89,857	45,084	92,696	49,785	10.4
Cost of sales (Percentage of net sales)	15,887 34.4%	31,857 35.4%	16,327 36.2%	33,709 36.4%	17,449 35.0%	6.9
Gross profit (Percentage of net sales)	30,266 65.6%	58,000 64.6%	28,757 63.8%	58,986 63.6%	32,336 65.0%	12.4
Selling, general and administrative expenses (Percentage of net sales)	22,822 49.5%	43,474 48.4%	19,217 42.6%	40,003 43.1%	20,254 40.7%	5.4
R&D expenses (Percentage of net sales)	6,245 13.5%	11,853 13.2%	5,868 13.0%	12,619 13.6%	5,971 12.0%	1.7
Operating income (Percentage of net sales)	7,443 16.1%	14,525 16.2%	9,539 21.2%	18,982 20.5%	12,081 24.3%	26.7
Non-operating income	428	2,908	478	803	440	-7.8
	1,243	1,643	484	948	219	-54.6
Ordinary income (Percentage of net sales)	6,628 14.3%	15,790 17.6%	9,532 21.1%	18,837 20.3%	12,302 24.7%	29.1
Extraordinary gain	489	682	345	1,137	13	-96.0
Extraordinary loss	1,087	2,698	1,561	1,538	1,084	-30.6
Income before income taxes (Percentage of net sales)	6,030 13.0%	13,774 15.3%	8,316 18.4%	18,436 19.9%	11,232 22.6%	35.1
Income taxes - current	3,972	8,750	3,088	6,446	4,620	49.6
Income taxes - deferred	-962	-1,297	350	966	-489	-239.8
Net income (Percentage of net sales)	3,020 6.5%	6,321 7.0%	4,878 10.8%	11,022 11.9%	7,100 14.3%	45.6

Exchange rates

(Yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005
Exchange rate: US dollar	118.29	113.29	109.44	113.29	109.79
Euro	133.90	132.40	132.51	132.40	136.15

Major change in net sales

[Prescription pharmaceuticals]

Domestic:

Sales for prescription ophthalmics increased by 3,278 million yen, or 10.0%, from the corresponding period of the previous year due to the favorable sales growth for Corneal disease treatments, the contribution of the newly introduced product for Anti-glaucoma and the increase in the sales for Anti-allergy by the higher airborne pollen count continuing from the previous term, despite the decrease in the sales for Anti-infective due to the competitive products.

Sales for anti-rheumatic drugs increased by 351 million yen, or 8.5%, from the corresponding period of the previous year due to the steady penetration to the market.

Overseas:

Sales increased by 1,341 million yen, or 36.9%, from the corresponding period of the previous year due to the increase in the sales in the U.S., Europe and Asia. The sales growth in the U.S. comes from the no adjustments of the trade inventory from the previous term despite the intensifying competition for Anti-infective in the U.S.

[OTC pharmaceuticals]

Sales increased by 184 million yen, or 7.1%, from the corresponding period of the previous year due to the continuing sales promotion from the previous term.

[Other]

Sales decreased by 340 million yen, or 23.3%, from the corresponding period of the previous year due to the decrease in contract manufacturing in the U.S. and Europe.

Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous half year (%)
Personnel expenses	5,788	11,313	5,315	11,109	5,553	4.5
Sales promotion expenses	1,537	4,201	1,366	3,057	1,651	20.9
Royalty expenses	1,206	2,279	1,075	2,113	1,089	1.4
Advertising expenses	1,681	1,948	1,052	1,616	952	-9.5
R&D expenses	6,245	11,853	5,868	12,619	5,971	1.7

Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous half year (%)
Interest and dividends income	141	239	140	249	139	-0.4
Interest expenses	212	365	101	182	41	-58.8
Amortization of goodwill	160	317	158	322	163	2.7

Extraordinary gain and loss

(Millions of yen)

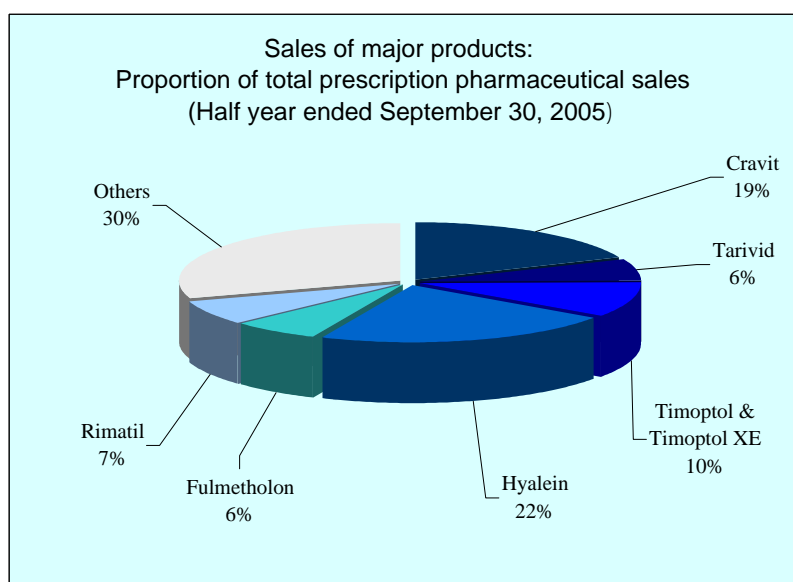
Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005
Gain on sale of fixed assets	1	5	342	340	0
Gain on sale of investment securities	487	675	-	0	-
Gain and loss on change of retirement benefit scheme	-	-	-	316	-
Gain on establishment of retirement benefit trust	-	-	-	210	-
Gain on prior period adjustment	-	-	-	265	-
Loss on valuation of investment securities	-	200	47	50	-
Retirement benefit for carrier development support	698	719	-	-	-
Loss on discontinued operation of affiliates	293	855	-	-	-
Restructuring change for U.S. business	-	386	547	440	-
Loss on impairment of fixed assets	-	376	823	823	909

Sales details

Sales of major prescription pharmaceuticals

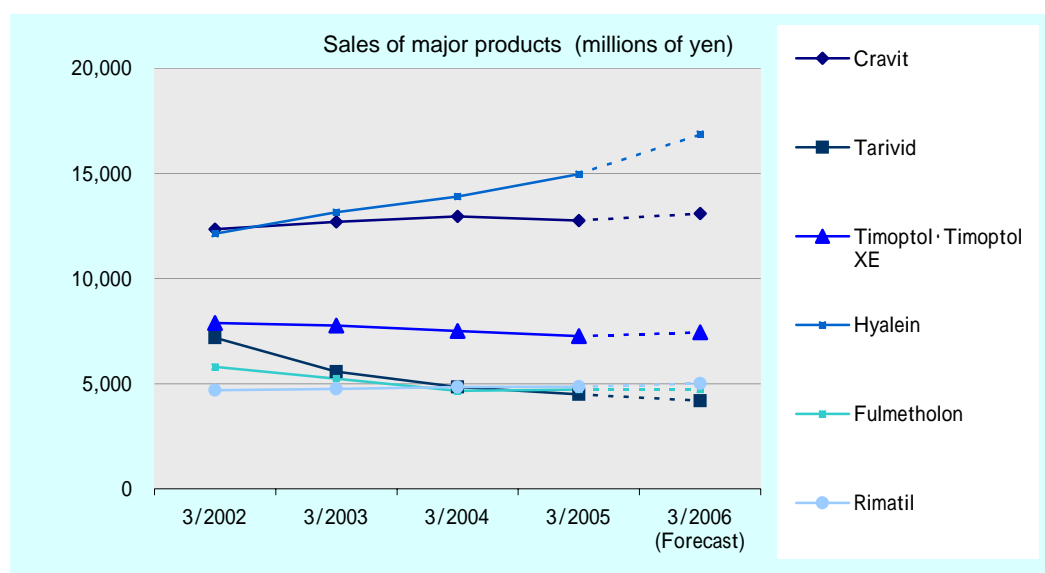
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	Cravit	Japan	Apr-00
	ofloxacin/ophthalmic solution	Tarivid	Japan	Sep-87
Glaucoma	timolol maleate/ophthalmic solution	Timoptol	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	Timoptol XE	Japan	Nov-99
	dipivefrine hydrochloride	Pivalephrine	Japan	Dec-88
	bunazosin hydrochloride	Detantol	Japan	Sep-01
	Isopropyl Unoprostone	Rescula	Japan	Oct-04
Allergy	levocabastine hydrochloride/ ophthalmic solution	Livostin	Japan	Jan-01
	pemirolast potassium/ophthalmic solution	Alegysal	Japan	Apr-95
Corneal disease	sodium hyaluronate/ophthalmic solution	Hyalein	Japan	Jun-95
Inflammation	fluorometholone/ophthalmic solution	Flumetholon	Japan	Oct-75
Early-stage senile cataract	pirenoxine/ophthalmic solution	Kary Uni	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	Opegan Hi	Japan	Jan-95
Perfusate/lotion	oxiglutatione/ophthalmic perfusate and lotion	BSS PLUS	Japan	Jan-92
Rheumatoid arthritis	bucillamine/tablet	Rimatil	Japan	Sep-87
	salazosulfapyridine/enteric coated tablet	Azulfidine EN	Japan	Dec-95

Rescula: This product, which was launched in October 1994, is to be sold by Santen Pharmaceutical Co., Ltd in October 2004.



(Millions of yen)

Half year/year to								Brand name
9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change	
6,816	12,957	7,013	12,833	7,082	1.0	13,090	2.0	Cravit
2,670	4,847	2,518	4,429	2,325	-7.7	4,180	-5.6	Tarivid
2,476	4,846	2,287	4,415	2,190	-4.2	4,370	-1.0	Timoptol
1,311	2,654	1,410	2,837	1,546	9.6	3,080	8.6	Timoptol XE
255	472	211	394	173	-17.8	350	-11.2	Pivalephrine
925	1,917	1,098	2,155	1,132	3.1	2,240	3.9	Detantol
-	-	-	2,645	2,621	-	5,190	96.5	Rescula
1,110	2,729	1,424	4,917	1,478	3.8	3,990	-18.9	Livostin
324	699	377	954	333	-11.7	800	-16.1	Alegysal
6,879	13,893	7,499	14,987	8,387	11.8	16,870	12.6	Hyalein
2,385	4,658	2,566	5,354	2,446	-4.7	4,720	-11.8	Flumetholon
1,763	3,295	1,676	3,220	1,703	1.6	3,370	4.7	Kary Uni
1,188	2,267	1,156	2,374	1,402	21.3	2,740	15.4	Opegan Hi
712	1,358	658	1,274	676	2.6	1,270	-0.3	BSS PLUS
2,445	4,836	2,505	4,811	2,576	2.8	5,010	2.6	Rimatil
1,577	3,132	1,687	3,376	1,883	11.6	3,730	10.5	Azulfidine EN



Sales for JJVCI

(Millions of yen)

Half year/year to							
9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast	% Change
-	-	188	781	383	103.4	760	-2.7

*Prescription ophthalmic pharmaceuticals for U.S.A.(Quixin,Betimol and Alamast)changes a sales transfer in February ,2004.

Sales details

Sales by division

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast
Prescription pharmaceuticals	41,368	80,061	40,601	84,298	45,561	12.2	89,950
Ophthalmic	37,170	71,744	36,233	75,624	40,832	12.7	80,620
Anti-rheumatic drugs	4,022	7,969	4,215	8,353	4,588	8.9	9,030
Other prescription pharmaceuticals	174	347	152	319	141	-7.8	300
OTC pharmaceuticals	2,205	4,672	2,593	5,277	2,777	7.1	5,280
Medical devices	471	914	435	754	332	-23.7	660
Others	2,108	4,209	1,454	2,366	1,114	-23.3	2,110
Total net sales	46,153	89,857	45,084	92,696	49,785	10.4	98,000

[Domestic]

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast
Prescription pharmaceuticals	35,947	70,868	36,964	76,895	40,584	9.8	80,860
Ophthalmic	31,826	62,717	32,688	68,383	35,966	10.0	71,720
Anti-rheumatic drugs	3,973	7,862	4,150	8,244	4,501	8.5	8,900
Other prescription pharmaceuticals	147	288	126	267	116	-7.8	230
OTC pharmaceuticals	2,195	4,657	2,583	5,260	2,766	7.1	5,260
Medical devices	457	877	416	726	322	-22.4	640
Others	644	1,073	316	562	360	14.0	650
Total domestic sales	39,245	77,477	40,281	83,446	44,034	9.3	87,420
(Percentage of total net sales)	85.0%	86.2%	89.3%	90.0%	88.4%	-	89.2%

[Overseas]

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	% Change	3/2006 Forecast
Prescription pharmaceuticals	5,421	9,193	3,636	7,402	4,977	36.9	9,080
Ophthalmic	5,344	9,027	3,545	7,241	4,866	37.3	8,890
Anti-rheumatic drugs	49	106	65	108	86	33.1	130
Other prescription pharmaceuticals	27	58	26	52	24	-7.4	60
OTC drugs	9	14	9	16	10	11.7	10
Medical devices	13	37	19	27	9	-51.9	20
Others	1,464	3,135	1,137	1,803	753	-33.7	1,450
Total overseas sales	6,908	12,380	4,802	9,250	5,751	19.7	10,570
(Percentage of total net sales)	15.0%	13.8%	10.7%	10.0%	11.6%	-	10.8%

* Forecast •• omit the figures after the million yen.

Breakdown by geographic segment



Breakdown by geographic segment

	Half year/year to	9/2003		3/2004		9/2004		3/2005		9/2005	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	40,424	87.6	79,338	88.3	41,669	92.4	85,837	92.6	45,797	92.0
	Europe	4,921	10.7	8,848	9.8	3,057	6.8	6,374	6.9	3,782	7.6
	Others	807	1.7	1,671	1.9	358	0.8	484	0.5	206	0.4
	Total	46,153	100.0	89,857	100.0	45,084	100.0	92,696	100.0	49,785	100.0
Operating expenses by geographic segment	Japan	30,692		60,004		30,925		64,216		33,193	
	Europe	6,714		12,603		3,877		8,148		4,350	
	Others	4,373		8,255		1,880		3,798		1,843	
	Total	41,780		80,863		36,683		76,162		39,388	
	Corporate and eliminations	-3,069		-5,531		-1,138		-2,448		-1,684	
Consolidated total	38,710		75,332		35,545		73,713		37,703		
Operating income by geographic segment	Japan	10,300		20,351		11,004		22,169		13,054	
	Europe	-1,286		-2,599		-16		-149		275	
	Others	-194		-548		-307		-743		-237	
	Total	8,819		17,204		10,680		21,276		13,092	
	Corporate and eliminations	-1,376		-2,678		-1,140		-2,294		-1,010	
Consolidated total	7,443		14,525		9,539		18,982		12,081		

Europe: Finland, Germany and Sweden

Other: U.S., Taiwan and Korea

Note: Sales of prescription ophthalmics in the U.S. are included in sales in Europe.

Overseas sales

	Half year/year to	9/2003		3/2004		9/2004		3/2005		9/2005	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		2,139	31.0	4,370	35.3	2,369	49.3	4,794	51.8	3,045	52.9
North America		3,441	49.8	5,813	47.0	858	17.9	1,703	18.4	695	12.1
Others		1,327	19.2	2,196	17.7	1,575	32.8	2,752	29.8	2,009	35.0
Total		6,908	100.0	12,380	100.0	4,802	100.0	9,250	100.0	5,751	100.0

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S., and Canada

Other: Asian countries

Note: Overseas sales represent sales generated in countries or regions other than Japan by Santen Pharmaceutical Co., Ltd. and its subsidiaries.

Consolidated balance sheets

Assets

At half-year/year end	9/2003		3/2004		9/2004		3/2005		9/2005	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	80,036	56.4	91,230	60.7	89,905	61.1	82,735	59.1	89,348	61.4
Cash and deposits	21,529		33,629		33,068		23,948		30,221	
Notes and accounts receivable-trade	33,277		32,456		33,440		35,625		35,371	
Marketable securities	8,071		9,303		9,309		9,046		10,388	
Inventories	10,804		10,393		9,167		9,826		9,293	
Deferred tax assets	2,033		2,255		1,841		1,625		1,608	
Other current assets	4,624		3,448		3,094		2,681		2,469	
Allowance for doubtful receivables	-304		-256		-15		-18		-4	
Fixed assets	61,791	43.6	59,006	39.3	57,242	38.9	57,244	40.9	56,214	38.6
Tangible assets	38,896	27.5	37,237	24.8	35,653	24.2	32,676	23.3	31,179	21.4
Buildings and structures	21,291		20,577		19,809		18,826		17,782	
Machinery, equipment and vehicles	1,918		1,882		1,729		2,114		2,023	
Land	10,974		10,645		9,893		9,486		9,062	
Construction in progress	2,076		1,750		1,986		181		321	
Other tangibles	2,634		2,382		2,234		2,067		1,989	
Intangible assets	4,297	3.0	4,000	2.7	3,461	2.4	3,318	2.4	2,959	2.0
Goodwill	1,347		1,323		1,153		1,015		855	
Softwear	1,201		1,207		1,034		1,182		1,024	
Other intangibles	1,747		1,468		1,273		1,119		1,079	
Investments and other assets	18,597	13.1	17,769	11.8	18,126	12.3	21,250	15.2	22,075	15.2
Investment securities	10,327		11,482		12,001		14,313		15,737	
Deferred tax assets	2,190		1,814		1,991		1,051		960	
Other assets	6,079		4,476		4,136		5,885		5,377	
Allowance for doubtful receivables	-		-3		-3		-		-	
Total assets	141,828	100.0	150,237	100.0	147,148	100.0	139,979	100.0	145,563	100.0

Major changes at September 30, 2005 from March 31, 2005

Cash and deposits:	Due to the increase in income before income taxes.
Marketable securities:	Due to the purchase of commercial paper of 1,000 million yen.
Tangible assets:	Due to the impairment loss of 909 million yen on the property for the distribution service.
Investment securities:	Due to the increase in fair value of investment securities.

Liabilities and shareholders' equity

Half year/year to	9/2003		3/2004		9/2004		3/2005		9/2005	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	22,202	15.6	27,153	18.1	22,014	15.0	22,223	15.9	23,205	16.0
Notes and accounts payable -trade	3,963		5,039		5,201		6,122		5,238	
Current portion of long-term debt	416		416		416		269		768	
Other payables	10,244		8,853		8,756		8,577		8,715	
Income taxes payable	3,677		8,132		3,173		3,413		4,729	
Reserve for bonuses	2,135		2,228		2,149		2,481		2,301	
Other reserves	633		650		235		199		112	
Other current liabilities	1,131		1,831		2,081		1,157		1,338	
Noncurrent liabilities	19,683	13.9	19,584	13.0	19,785	13.4	9,517	6.8	8,781	6.0
Long-term debt	12,478		12,270		12,062		6,614		5,980	
Deferred tax liabilities	30		26		25		23		21	
Retirement and severance benefits for employee	5,277		5,331		5,697		1,455		1,763	
Retirement and severance benefits for directors and auditors	433		441		399		402		453	
Other liabilities	1,462		1,513		1,600		1,020		562	
Total liabilities	41,885	29.5	46,737	31.1	41,800	28.4	31,740	22.7	31,986	22.0
Common stock	6,214		6,214		6,227		6,247		6,272	
Additional paid-in capital	6,908		6,908		6,922		6,942		6,967	
Retained earnings	92,663		91,844		94,063		95,901		100,378	
Unrealized holding gains on securities	665		1,426		1,256		2,048		2,922	
Foreign currency translation adjustments	-3,230		-2,853		-3,078		-2,826		-2,883	
Treasury stock at cost	-3,277		-40		-44		-74		-79	
Total shareholders' equity	99,942	70.5	103,499	68.9	105,347	71.6	108,239	77.3	113,576	78.0
Total liabilities and shareholders' equity	141,828	100.0	150,237	100.0	147,148	100.0	139,979	100.0	145,563	100.0

Major changes at September 30, 2005 from March 31, 2005

Income taxes payable: Due to the increase in income taxes driven by the increase in income before income taxes.

Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005
I. Cash flows from operating activities:					
Income before income taxes	6,030	13,774	8,316	18,436	11,232
Depreciation and amortization	2,214	4,521	2,163	4,749	2,354
Loss on impairment of fixed assets	-	376	823	823	909
Increase/decrease in retirement and severance benefits	-11	43	366	-2,550	308
Interest and dividend income	-141	-239	-140	-249	-139
Gains on insurance received	-	-1,712	-104	-114	-34
Interest expense	212	365	101	182	41
Increase/decrease in trade receivables	-999	-315	-966	-3,082	347
Increase/decrease in inventories	871	1,342	1,145	594	514
Increase/decrease in trade accounts payable	-1,586	-440	169	1,065	-879
Other, net	1,212	1,045	-331	-2,262	-385
Subtotal	7,802	18,761	11,542	17,592	14,270
Interest and dividend income received	139	232	142	246	133
Interest expense paid	-218	-328	-102	-183	-42
Insurance received	-	3,003	183	198	60
Income taxes paid	-111	-453	-8,129	-11,235	-3,320
Income taxes refunded	1,959	1,980	-	-	-
Net cash provided by operating activities	9,571	23,196	3,637	6,619	11,101
II. Cash flows from investing activities:					
Increase in fixed deposits	-398	-622	-967	-1,548	-407
Decrease in fixed deposits	605	915	1,453	2,904	279
Payments for acquisition of marketable securities	-3,399	-6,399	-999	-4,499	-
Proceeds from sale of marketable securities	4,199	10,604	-	4,817	499
Payments for acquisition of fixed assets	-1,777	-3,225	-1,550	-4,906	-961
Proceeds from sale of fixed assets	1,726	3,770	542	2,488	0
Purchase of investment securities	-5	-510	-1,542	-3,229	-3
Proceeds from sale of investment securities	749	1,073	600	1,059	20
Other, net	-431	-359	6	7	1
Net cash provided by investing activities	1,268	5,246	-2,057	-2,907	-571
III. Cash flows from financing activities:					
Proceeds from long-term debt	10,000	10,000	-	-	-
Repayment of long-term debt	-208	-416	-208	-5,804	-134
Redemption of convertible bonds	-19,945	-19,945	-	-	-
Purchase of treasury stock	-1	-3	-4	-2,582	-5
Proceeds from sale of treasury stock	-	-	0	0	0
Dividends paid	-879	-1,758	-2,637	-4,393	-2,594
Other, net	0	-	28	68	49
Net cash provided by financing activities	-11,033	-12,122	-2,821	-12,711	-2,684
IV. Effect of exchange rate changes on cash and cash equivalents	-29	49	43	-42	22
V. Net increase/decrease in cash and cash equivalents	-222	16,369	-1,197	-9,042	7,867
VI. Cash and cash equivalent at beginning of year	25,053	25,053	41,422	41,422	32,380
. Cash and cash equivalent at end of year	24,831	41,422	40,225	32,380	40,248

Capital expenditures and number of employees



Capital expenditures

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	3/2006 Forecast
Consolidated	1,735	2,871	1,085	1,674	753	1,410
Non-consolidated	1,577	2,291	749	1,178	645	1,200

Note: Includes investment in manufacturing facilities to be spent on a lease contract basis.

[Major items]

- Remodeling of existing production facilities
- Replacing of machinery for research and development

Depreciation and amortization

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	3/2006 Forecast
Manufacturing cost	769	1,626	764	1,613	751	1,570
Selling, general and administrative expenses	359	746	374	740	349	660
R&D expenses	738	1,499	655	1,312	534	1,120
Others	15	40	18	30	6	10
Consolidated total	1,881	3,914	1,813	3,696	1,642	3,360
Non-consolidated	1,524	3,219	1,484	3,005	1,317	2,740

Lease expenses

(Millions of yen)

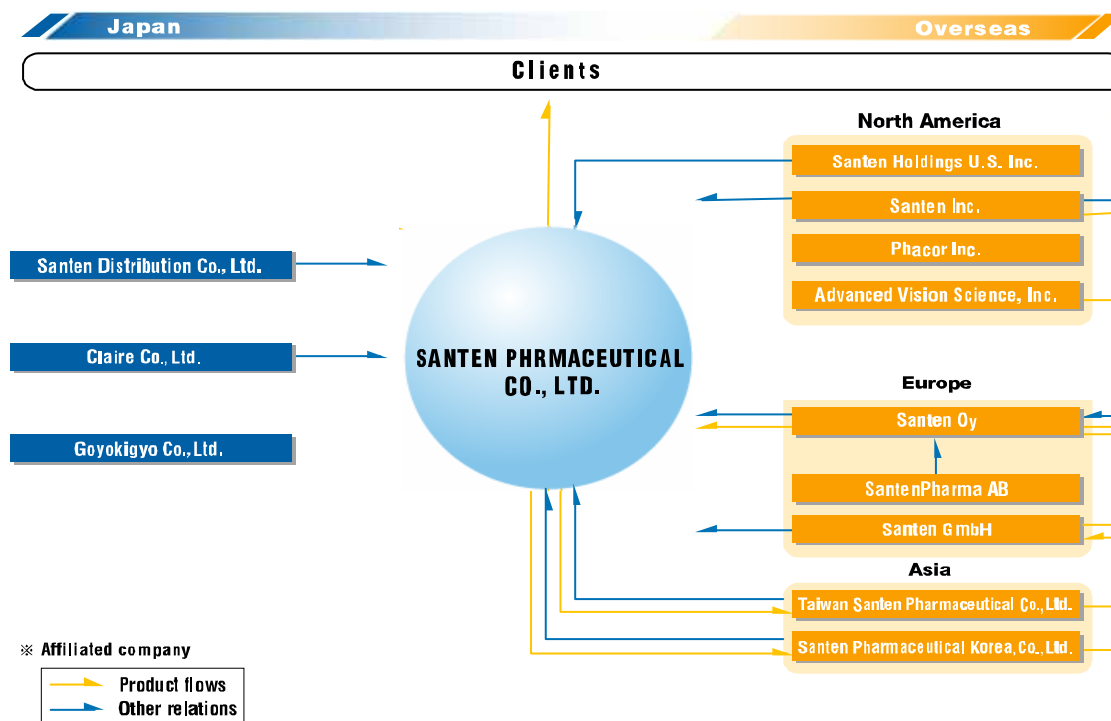
Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	3/2006 Forecast
Consolidated total	313	784	461	1,012	546	1,110
Manufacturing cost	246	656	398	891	488	990
Non-consolidated	313	784	461	1,012	546	1,110

Number of employees

At half-year/year end	9/2003	3/2004	9/2004	3/2005	9/2005
Consolidated	2,471	2,335	2,359	2,308	2,356
sales division	937	771	851	790	796
production division	868	883	851	827	826
R&D division	463	455	469	460	472
corporate or back-office division	203	226	188	231	262
Non-consolidated	937	771	851	790	796

Affiliated companies

Santen group



Consolidate subsidiaries [Domestic]

Santen Distribution Co., Ltd.					
Main business	Distribution and warehousing of pharmaceutical products				
Location	Osaka, Japan	Paid-in capital	30 million yen	Equity owned	100%

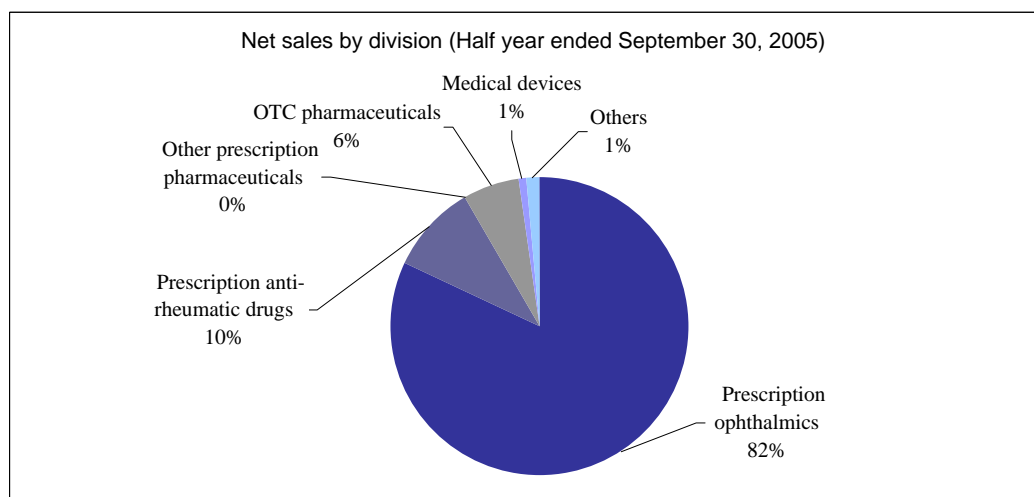
Claire Co., Ltd.					
Main business	Cleaning of sterilized suit				
Location	Shiga, Japan	Paid-in capital	90 million yen	Equity owned	100%

Goyokigyo Co., Ltd.					
Main business	-				
Location	Osaka, Japan	Paid-in capital	90 million yen	Equity owned	100%

Sales by division

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous first-half year (%)	3/2006 Forecast
Prescription pharmaceuticals	37,154	72,781	38,405	79,380	42,430	10.5	83,980
Ophthalmic	33,087	64,749	34,170	70,987	37,825	10.7	74,930
Anti-rheumatic drugs	4,022	7,969	4,215	8,353	4,588	8.9	9,030
Other prescription pharmaceuticals	43	62	19	40	17	-13.4	20
OTC pharmaceuticals	2,205	4,672	2,593	5,277	2,777	7.1	5,280
Medical devices	456	877	416	726	322	-22.4	640
Others	1,113	1,896	482	955	703	45.9	1,300
Total net sales	40,928	80,227	41,897	86,340	46,234	10.4	91,200



Sales of merchandises and products

(Millions of yen)

	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous first-half year (%)	3/2006 Forecast
Sales of products	31,323	60,936	32,199	61,979	32,652	1.4	63,370
Sales of merchandises	9,605	19,290	9,696	24,360	13,581	40.1	27,820
Total	40,928	80,227	41,897	86,340	46,234	10.4	91,200
Sales of products ratio(%)	76.5	75.9	76.9	71.8	70.6	-	69.4

Non-consolidated Information

Non-consolidated income statements

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous first-half year (%)
Net sales	40,928	80,227	41,897	86,340	46,234	10.4
Cost of sales (Percentage of net sales)	13,953 34.1%	27,653 34.5%	14,430 34.4%	29,964 34.7%	15,673 33.9%	8.6
Gross profit (Percentage of net sales)	26,975 65.9%	52,573 65.5%	27,467 65.5%	56,376 65.3%	30,560 66.1%	11.3
Selling, general and administrative expenses (Percentage of net sales)	18,215 44.5%	35,103 43.7%	17,690 42.2%	36,684 42.5%	18,587 40.2%	5.1
(R&D expenses) (Percentage of net sales)	6,102 14.9%	12,023 15.0%	6,195 14.7%	13,302 15.4%	6,288 13.6%	1.5
Operating income (Percentage of net sales)	8,759 21.4%	17,469 21.8%	9,776 23.3%	19,692 22.8%	11,972 25.9%	22.5
Non-operating income	490	2,651	539	809	394	-26.8
Non-operating expenses	929	1,439	94	234	48	-48.4
Ordinary income (Percentage of net sales)	8,320 20.3%	18,680 23.3%	10,221 24.3%	20,266 23.5%	12,318 26.6%	20.5
Extraordinary gain	489	682	237	766	14	-94.1
Extraordinary loss	793	5,058	1,006	1,080	940	-6.6
Income before income taxes (Percentage of net sales)	8,016 19.6%	14,305 17.8%	9,452 22.5%	19,952 23.1%	11,392 24.6%	20.5
Income taxes - current	3,941	8,662	3,058	6,362	4,604	50.5
Income taxes - deferred	-923	-1,533	386	987	-503	-230.3
Net income (Percentage of net sales)	4,998 12.2%	7,176 8.9%	6,008 14.3%	12,602 14.6%	7,291 15.8%	21.4

Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005	Change over previous first-half year (%)
Personnel expenses	4,272	8,432	4,364	9,149	4,606	5.5
Sales promotion expenses	913	2,212	1,008	2,345	1,319	30.8
Royalty expenses	1,011	1,943	1,055	1,941	987	-6.4
Advertising expenses	1,141	1,542	1,006	1,457	894	-11.1
R&D expenses	6,102	12,023	6,195	13,302	6,288	1.5

Non-consolidated balance sheets

Assets

At half-year/year end	9/2003		3/2004		9/2004		3/2005		9/2005	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current assets	75,180	52.0	84,293	56.1	84,763	56.8	78,075	54.7	84,704	57.0
Cash and deposits	17,724		28,577		31,413		21,924		28,259	
Notes receivable and accounts receivable-trade	32,071		30,874		31,990		34,572		34,098	
Marketable securities	8,046		9,303		9,309		9,046		10,388	
Inventories	9,331		8,860		7,699		8,328		7,822	
Deferred tax assets	1,936		2,298		1,828		1,609		1,599	
Other current assets	6,374		4,657		2,536		2,612		2,539	
Allowance for doubtful receivables	-304		-258		-14		-18		-4	
Fixed assets	69,497	48.0	65,946	43.9	64,547	43.2	64,687	45.3	63,976	43.0
Tangible assets	34,508	23.8	32,660	21.7	31,363	21.0	28,459	19.9	27,135	18.2
Buildings and structures	18,923		18,289		17,461		16,483		15,493	
Machinery, equipment and vehicles	872		805		717		981		983	
Tools, furnitures and fixtures	2,051		1,875		1,757		1,611		1,566	
Land	10,666		10,343		9,630		9,227		8,794	
Construction in progress	1,994		1,346		1,797		156		297	
Intangible assets	2,922	2.0	2,700	1.8	2,247	1.5	2,073	1.5	1,873	1.3
Patents	660		584		508		432		356	
Trademarks	779		717		657		596		534	
Distributorship	327		206		84		0		0	
Software	1,062		1,111		960		966		821	
Other intangibles	92		80		36		78		161	
Investments and other assets	32,065	22.2	30,585	20.4	30,936	20.7	34,154	23.9	34,967	23.5
Investment securities	10,069		11,425		11,997		14,309		15,733	
Investments in subsidiaries and affiliates	7,109		13,201		13,148		13,148		13,148	
Long-term loans	7,045		1		1		-		-	
Deferred assets	1,909		1,669		1,868		948		868	
Other assets	5,931		4,288		3,920		5,748		5,216	
Total assets	144,677	100.0	150,240	100.0	149,311	100.0	142,762	100.0	148,681	100.0

Major changes at September 30, 2005 from March 31, 2005

Cash and deposits:	Due to the increase in income before income taxes.
Marketable securities:	Due to the purchase of commercial paper of 1,000 million yen.
Tangible assets:	Due to the impairment loss of 908 million yen on the property for the distribution service.
Investment securities:	Due to the increase in fair value of investment securities.

Liabilities and shareholders' equity

At half-year/year end	9/2003		3/2004		9/2004		3/2005		9/2005	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
Current liabilities	20,735	14.3	24,337	16.2	20,044	13.4	20,686	14.5	21,714	14.6
Accounts payable-trade	3,640		4,436		4,773		5,469		4,813	
Current portion of long-term debt	416		416		416		268		768	
Other payables	9,807		8,228		8,935		8,732		8,649	
Income taxes payable	3,664		8,075		3,120		3,372		4,694	
Consumption taxes payable	428		556		451		460		477	
Reserves	2,495		2,458		2,179		2,237		2,150	
Other current liabilities	282		165		168		145		161	
Noncurrent liabilities	19,199	13.3	19,102	12.7	19,263	12.9	8,983	6.3	8,289	5.6
Long-term debt	12,478		12,270		12,062		6,614		5,980	
Retirement and severance benefits for employee	5,679		5,744		6,067		1,823		1,582	
Other liabilities	1,042		1,088		1,134		546		726	
Total liabilities	39,934	27.6	43,440	28.9	39,321	26.3	29,670	20.8	30,003	20.2
Common stock	6,214	4.3	6,214	4.1	6,227	4.2	6,247	4.4	6,272	4.2
Capital surplus reserves	6,908	4.8	6,908	4.6	6,922	4.6	6,942	4.9	6,967	4.7
Additional paid-in capital	6,908		6,908		6,922		6,942		6,966	
Other capital surplus reserves	-		0		0		0		0	
Retained earnings	94,232	65.1	92,291	61.4	95,640	64.1	97,927	68.6	102,595	69.0
Earning reseve	1,551		1,551		1,551		1,551		1,551	
Reserve for retirement benefit	372		372		372		372		372	
Special depreciation reserve	325		325		294		294		301	
General reserve	84,109		84,109		84,109		84,109		89,109	
Undivided profits	7,873		5,933		9,313		11,600		11,261	
Unrealized holding gains on securities	665	0.5	1,426	1.0	1,256	0.8	2,048	1.4	2,922	2.0
Treasury stock at cost	-3,277	-2.3	-40	-0.0	-44	-0.0	-74	-0.1	-79	-0.1
Total shareholders' equity	104,742	72.4	106,800	71.1	110,002	73.7	113,092	79.2	118,677	79.8
Total liabilities and shareholders' equity	144,677	100.0	150,240	100.0	149,311	100.0	142,762	100.0	148,681	100.0

Major changes at September 30, 2005 from March 31, 2005

Income taxes payable: Due to the increase in income taxes driven by the increase in income before income taxes.

Reference information

Research & development

Pipeline of prescription pharmaceuticals (Clinical studies)

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (0.5%)	Cravit	Bacterial conjunctivitis	Daiichi Pharmaceutical	Japan						Apr-00
	Quixin			USA						Nov-00
	Oftaquix			Europe						May-02
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Pharmaceutical	USA						

Characteristics: Fluoroquinolone antibacterial agent. In Europe, Ofaquix has obtained marketing authorization in 13 countries and was launched in seven countries including Germany. Levofloxacin + prednisolone A is a combination treatment with steroids.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Pemirolast potassium	Alegysal	Allergic conjunctivitis	Mitsubishi Pharma	Japan						Apr-95
	Alamast			USA						Jul-00
	Alamast			Europe					Dec-99	

Characteristics: A mast cell stabilizer with superior efficacy on allergic conjunctivitis and vernal keratoconjunctivitis.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Ciclosporin	DE-076	Vernal keratoconjunctivitis	Novartis Pharma	Japan					Oct-05	

Characteristics: An orphan drug. Ophthalmic application of immuno-suppressant ciclosporin. Expected to treat advanced vernal keratoconjunctivitis for which existing anti-allergic agents are not effective.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ ocular hypertension	Co-development with Asahi Glass	Japan						
				USA/Europe						

Characteristics: Prostaglandin glaucoma treatment that reduces intraocular pressure. Clinical trials are being conducted in parallel in Japan, the U.S. and Europe. Expected to have greater efficacy in reducing intraocular pressure than other prostaglandin products. Can be stored at room temperature.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma/ ocular hypertension	Sankyo	Japan						
				USA/Europe						

Characteristics: The only angiotensin II receptor antagonist in full-fledged development as a glaucoma treatment. Comparable to prostaglandin products in reducing intraocular pressure. Very few side effects, including conjunctival hyperemia, are expected. Great potential for the U.S. and European markets where patients with ocular hypertension account for the majority of the glaucoma population.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCL	DE-090	Glaucoma	Nippon Organon	Japan						

Characteristics: A new type of oral glaucoma treatment studied for inhibiting the progression of visual field defects. The only calcium antagonist in full-fledged development as a glaucoma treatment. Compared with NMDA receptor antagonists, fewer generalized side effects are expected, thus having excellent safety. Marketed by Nippon Organon as a migraine drug.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol tetrasodium	DE-089	Dry eye	Inspire Pharm.	Japan						

Characteristics: A treatment for dry eye that stimulates the ocular surface to secrete tear fluid and moisture. Expected to be used in combination with existing dry eye treatments, and be effective for patients for whom existing treatments are insufficient.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-096	Rheumatoid arthritis	Original	Japan						
		Diabetes Macular Edema		Japan						

Characteristics: An oral TNF inhibitor. Anti-rheumatic effect comparable to injectable biological agents has been observed in basic research. In addition to RA the effect on DME was also observed in basic research, clinical studies are being conducted with both diseases.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Gefarnate	DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Original	Japan						

Characteristics: Treats corneal and conjunctival epithelial disorder mostly associated with dry eye, by stimulating the secretion of mucin and promoting the corneal epithelial migration. Preservative-free eye ointment that can be used in combination with existing drugs.

Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

Generic name	Brand name/dev. code	Indication	Original/in-licensor
Bucillamine	Rimatil	Osteoarthritis (additional indication)	Original

Characteristics: Shown to be effective on joint inflammation caused by osteoarthritis.

Generic name (USA)	Code name	Indication	Original/in-licensor
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Sankyo

Characteristics: It is expected to show a potent effect on corneal and conjunctival epithelial disorders by directly acting on the corneal and conjunctival epithelial cells. It has an action mechanism which differs from any other existing treatment or drug candidate in development. The compound is currently under development by Sankyo as an oral anti-diabetic in the USA.

Product under development	Product name	Region
Intraocular lens	MD-14	Japan and USA

Characteristics: Foldable intraocular lens using new material with high refractive index. Developed by U.S. subsidiary Advanced Vision Science, Inc.. NDA filed in Japan. In clinical trials in USA.

License out

Brand name/dev. code	Indication	Region	Licensee	Status	in-licensor
DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Japan	Argenes	preparing for clinical trials	Centocor

Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established, and drug development is being studied. Santen granted the domestic development rights to Argenes, Inc. The compound had been in-licensed from Centocor. Santen continues to hold the marketing rights in Japan and the overseas marketing and development rights.

Changes from May 9, 2005

[Progress]

Brand name/dev. code	Indication	Region	Status change
Ciclosporin / DE-076	Vernal keratoconjunctivitis	Japan	NDA filed to Approved
DE-096	Diabetes Macular Edema	Japan	In preparation for phase II to Phase II
DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	USA	In preparation for clinical study

[Suspended launch plan]

Generic/Brand name	Indication	Region
Levofloxacin(1.5%) / IQUIX	Bacterial corneal ulcer	USA

Pharmaceutical market in Japan

Revision of National Health Insurance (NHI) drug prices

(%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industry average	-	-6.6	-	-6.8	-4.4	-9.7	-	-7.0	-	-6.3	-	-4.2	-
Ophthalmic drugs	-	-1.6	-	-3.5	-1.8	-7.5	-	-6.2	-	-6.0	-	-2.7	-
Santen	-	-0.4	-	-2.6	-1.3	-7.2	-	-5.7	-	-6.0	-	-3.2	-

(Compiled by Santen)

Revision of NHI drug prices: In Japan, drug prices are generally revised every two years to reflect their market price. The drugs marketed at lower market prices will bear larger reduction margins at the revision.

Major healthcare reforms

	1997	Enforcement of the Revised Health Insurance System Law. Increased contribution for insured employees (10% to 20%) Revision of the Insurance Law for Seniors Contribution: 500 yen/day for out-patients (up to four times a month) and 1,000 yen/day for in-patients
	2001	Revision of the Insurance Law for Seniors Contribution: fixed rate of 10% for out-patients and in-patients
April	2002	Reimbursed consulting fee for physicians were reduced by 2.7% on average Revision of prescription fee (two points are added for every prescription of generic drugs)
October	2002	Increased contribution for seniors (fixed amount system was abolished for a uniform fixed rate system of 10% contribution)
April	2003	Increased contribution for insured employees (20% to 30%)

Market shares

(Billions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005
Prescription ophthalmics	39.6%	39.0%	39.4%	39.6%	41.5%
	97.3	194.7	100.3	207.7	107.0
Anti-rheumatic drugs	42.8%	42.5%	42.4%	42.9%	45.1%
	11.1	22.2	11.7	23.3	12.0

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

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Source: Santen analysis based on IMS data

Period: 2003-2005; Unauthorized copy prohibited

Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2003	3/2004	9/2004	3/2005	9/2005
Anti-glaucoma	16.9%	16.7%	16.3%	20.0%	23.4%
	35.5	71.7	37.6	74.9	39.7
Anti-infective	80.8%	81.0%	81.2%	80.3%	78.4%
	14.1	26.9	14.1	26.5	14.1
Anti-allergy	21.2%	20.7%	23.4%	22.4%	25.7%
	9.7	20.8	9.7	28.4	11.4
Agents for surgeries	39.4%	39.1%	39.9%	41.0%	42.8%
	7.4	14.5	6.8	13.6	7.2
Corneal disease treatments	82.9%	82.4%	81.2%	81.0%	80.7%
	10.1	21.0	11.4	23.0	12.5
Anti-cataract	54.7%	55.4%	56.7%	57.4%	59.6%
	3.7	7.1	3.5	6.8	3.3
Corticosteroids	51.8%	51.6%	52.1%	52.8%	52.8%
	5.6	10.9	5.6	11.5	5.8

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

Copyright IMS Japan KK, 2005

Source: Santen analysis based on IMS data

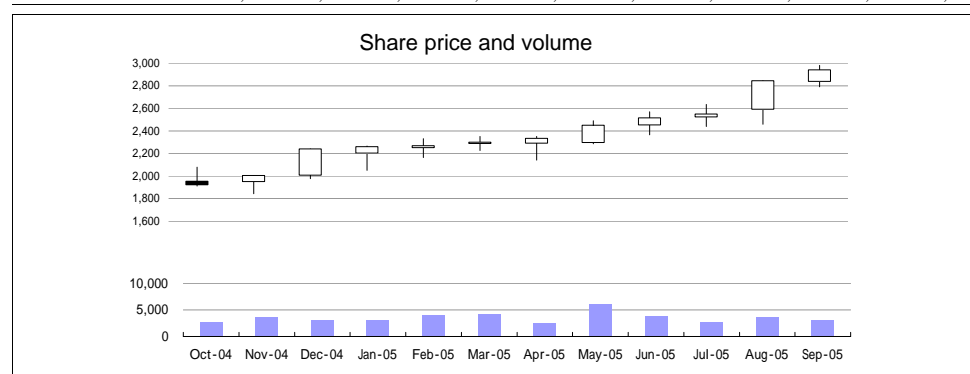
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Stock information

Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05
Share price:												
Open	1,955	1,950	2,005	2,200	2,250	2,285	2,290	2,295	2,450	2,520	2,590	2,835
High	2,080	2,005	2,240	2,265	2,330	2,350	2,350	2,490	2,570	2,635	2,845	2,980
Low	1,911	1,843	1,976	2,050	2,165	2,225	2,140	2,285	2,365	2,440	2,460	2,790
End of month	1,920	2,005	2,240	2,260	2,270	2,300	2,335	2,450	2,515	2,550	2,845	2,940
Volume	2,661	3,611	3,122	3,069	3,989	4,264	2,541	5,995	3,848	2,745	3,608	3,204



Major shareholders

As of September 30, 2005

Name	Number of shares Held	Percentage of voting rights
	Thousand shares	%
Northern Trust CO.(AVFC) Sub-account American Clients	6,073	7.0
Japan Trustee Service Bank, Ltd.	4,812	5.6
Mita Sangyo Co., Ltd.	4,756	5.5
Japan master Trust and Banking Co., Ltd.	3,881	4.5
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	2,668	3.1
Nippon Life Insurance Company	2,661	3.1
Trust and Custody Services Bank, Ltd.	2,610	3.0
Northern Trust CO. AVFC Re U.S. tax exempted Pension Funds	2,591	3.0
UFJ Bank Limited	2,148	2.5
The Bank of Tokyo-Mitsubishi, Ltd.	2,148	2.5

Shares and stock option

At half-year/year end	3/2001	3/2002	3/2003	3/2004	3/2005	9/2005
Number of shares outstanding (thousand shares)	92,720	90,704	90,704	87,963	86,658	86,696
Stock option balance (thousand shares)	199	243	335	472.6	504.3	596.2
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	73	62	62	62	35	29
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66	66	66	66	66	66
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	60	60	60	60	60	60
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	-	55	55	55	55	53
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	-	-	92	92	72.5	67.6
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	-	-	-	137.6	137.6	113.2
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	-	-	-	-	78.2	78.2
Granted in June 2005 - 129.2 thousand shares at 2,480 yen/share	-	-	-	-	-	129.2

Note: The company has a stock-based compensation plans under which stock options are granted to directors and corporate officers. The grants are fully exercisable after two years.

Extinguishment of Treasury stock

	3/2001	3/2002	3/2003	3/2004	3/2005	9/2005
An extinguished amount of money(millions of yen)	5,084	3,258	-	3,239	2,548	-
The number of the extinguished stocks(thousand stocks)	2,387	2,027	-	2,741	1,351	-

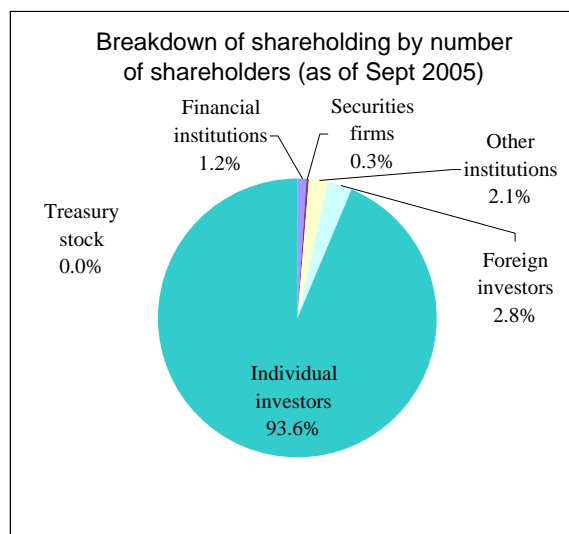
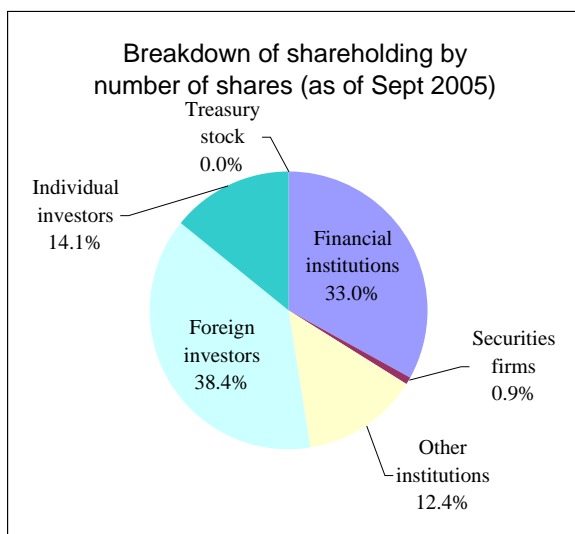
Breakdown of shareholding by number of shares

At half-year/year end	9/2003		3/2004		9/2004		3/2005		9/2005	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	32,568	35.9	30,740	34.9	31,089	35.33	28,423	32.8	28,597	33.0
City & regional banks	6,592	7.3	5,428	6.2	5,429	6.17	4,636	5.3	4,655	5.4
Trust banks	15,535	17.1	16,201	18.4	16,072	18.2	15,768	18.2	15,790	18.2
(concerned in trust works)	12,371		13,422	0	13,515		13,022		13,290	
Life and non-life insurance	10,012	11.0	9,007	10.2	9,542	10.8	7,973	9.2	8,021	9.3
Other financial institutions	428	0.5	103	0.1	46	0.05	45	0.1	129	0.1
Securities firms	661	0.7	368	0.4	330	0.37	346	0.4	747	0.9
Other institutions	10,585	11.7	10,512	12	10,944	12.44	11,788	13.6	11,779	13.6
Foreign investors	27,593	30.4	31,306	35.6	32,154	36.6	32,874	38	33,259	38.4
Individual investors	16,523	18.2	15,001	17.1	13,430	15.26	13,187	15.2	12,271	14.1
Treasury stock	2,773	3.1	33	0.0	36	0.0	39	0.0	41	0.0
Total	90,704	100.0	87,963	100.0	87,982	100.0	86,658	100.0	86,696	100.0

Note: Trading unit for Santen shares were reduced to 100 shares from 1,000 shares effective August 1, 2002

Breakdown of shareholding by number of shareholders

At half-year/year end	9/2003		3/2004		9/2004		3/2005		9/2005	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	88	1.0	83	1.0	86	1.2	91	1.1	99	1.2
City & regional banks	7	0.1	7	0.1	7	0.1	9	0.1	10	0.1
Trust banks	46	0.5	46	0.6	48	0.7	47	0.6	51	0.6
Life and non-life insurance	28	0.3	27	0.3	30	0.4	31	0.4	28	0.4
Other financial institutions	7	0.1	3	0.0	1	0.0	4	0.0	10	0.1
Securities firms	37	0.4	28	0.4	27	0.4	28	0.3	28	0.3
Other institutions	134	1.6	130	1.7	124	1.8	128	1.5	178	2.1
Foreign investors	127	1.5	122	1.5	153	2.2	172	2.0	236	2.8
Individual investors	8,134	95.5	7,498	95.4	6,608	94.4	8,089	95.1	7,844	93.6
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	8,521	100.0	7,862	100.0	6,999	100.0	8,509	100.0	8,386	100.0



News releases

News releases during April 2005-October 2005

For details, please refer to our Investor Relations Web site (<http://www.santen.co.jp/ir/en/news>).

(Date) (Summary)

2005

9-May Announcement on the New Management Organization

The board of directors of the Company was approved to increase the number of inside directors from four to five, and the number of outside directors from one to three at the 93rd Annual General Meeting of Shareholders held on June 24, 2005. Moreover, in July 2005 three committees — a Corporate Strategy Committee, a Nominating Committee and an Executive Compensation Committee — comprising inside and outside directors were reorganized or newly established. Accordingly, these committees are different from ordinary committees and are not "committees" required to be maintained by "companies with committees" (in Japanese: i-inkai tou settchi kaisha) as defined in the revised Commercial Code.

9-May Santen to Issue Stock Acquisition Rights for the Purpose of Granting Stock Options

Santen's Board of Directors adopted a resolution to issue stock acquisition rights for the purpose of granting stock options to Santen's directors, corporate officers and directors of major overseas subsidiaries. The resolution was approved at the 93rd Annual General Meeting of Shareholders held on June 24.

7-Jul Santen Opens its Shanghai Representative Office

Santen opened the Shanghai Representative Office, covering East China (Shanghai, Zhejiang, Jiangsu, Anhui and Hubei), in China on July 7, 2005.

25-Jul Santen to Reform the Organization

Santen reformed its OTC division as of September 1st, 2005. Santen set up Administration Group, Product Development Group and Sales Planning Group at the OTC head office and also relocated the head office to Tokyo. Moreover, Santen modified OTC Sales and Marketing structures to reinforce marketing efficiency and to create value-added marketing and sales activities.

12-Aug Santen's Car Including PC and Roster with Private Information Stolen

One of Santen's medical representative's car was stolen. A roster and a mobile computer with private information were taken with the vehicle. Santen's mobile computers have double-security features. Therefore, the possibility of leakage of electronic information is considered to be very low. At the time of publishing, no misuse of private information has been discovered.

25-Aug Santen to Outsource its Logistics Operations

In order to ensure high quality customer service by improving efficiency and shortening lead time and to improve capital efficiency by concentrating management resources, Santen decided to outsource its logistics operations in the western part of Japan to Hitachi Transport System, Ltd.

26-Sep Agreement Concerning CS-011 as Dry Eye Drug Candidate

Santen and Sankyo Co., Ltd. entered into an agreement concerning the worldwide exclusive development, manufacturing and marketing rights for CS-011 (rivoglitazone) as an ophthalmic treatment for corneal and conjunctival epithelial disorders, including dry eye. The compound is currently under development by Sankyo as an anti-diabetic. Sankyo has the option to co-promote the product in Japan.

News releases during April 2005-October 2005

(Date) (Summary)

29-Sep Santen Establishes Subsidiary in China

Santen established Santen Pharmaceutical (China) Co., Ltd., a 100% subsidiary in China. Santen has received an operating license from Jiangsu Administration of Industry and Commerce. The new subsidiary will develop prescription ophthalmics, construct a manufacturing plant in Suzhou Industrial Park, and establish a direct sales and marketing organization.

12-Oct Santen Receives Manufacturing and Marketing Approval for its Vernal Keratoconjunctivitis Treatment, PAPILOCK Mini Ophthalmic Solution 0.1%

Santen received a manufacturing and marketing approval for its new vernal keratoconjunctivitis treatment PAPILOCK Mini ophthalmic solution 0.1% (generic name: ciclosporin) from the Ministry of Health, Labour and Welfare on October 11. Santen believes PAPILOCK Mini ophthalmic solution 0.1% will make an important contribution to the treatment of patients with vernal keratoconjunctivitis with whom existing anti-allergy drugs are not effective and lead to their improved quality of life.

