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[Translation]

Security Code No. 4506

May 31, 2012

Dear Shareholders:

Notice of Convocation of the 192nd Annual Shareholders' Meeting

You are cordially invited to attend the 192nd Annual Shareholders' Meeting (the "Meeting") of Dainippon Sumitomo Pharma Co., Ltd. (the "Company"), which will be held as stated below.

If you are unable to attend the Meeting in person, you may exercise your voting rights by either of the following methods. Please review the attached Reference Documents for the Shareholders' Meeting on pages 49 to 60 and exercise your voting rights no later than 5:00 p.m., Thursday, June 21, 2012 (JST).

[Voting in Writing]

Please indicate your approval or disapproval of the proposals on the voting form enclosed herewith, and return the form within such period that would allow the Company to receive the form by the deadline noted above.

[Voting by Electromagnetic Methods (the Internet, etc.)]

After reading the "Instructions for Voting by Electromagnetic Methods (the Internet, etc.)" on pages 61 to 62, please access the online voting website designated by the Company (<http://www.webdk.net>) and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen, within the deadline noted above.

1. **Date and Time:** 10:00 a.m. on Friday, June 22, 2012
2. **Place:** 7th Floor of the Company's
Corporate Headquarters Building
6-8, Doshomachi 2-Chome,
Chuo-ku, Osaka, Japan
3. **Purpose of the Meeting:**
Matters to be Reported:
 1. Business Report; Consolidated Financial Statements; and Non-consolidated Financial Statements for the 192nd Fiscal Year (from April 1, 2011 to March 31, 2012)
 2. Audit Report of the Accounting Auditor and Audit Report of the Board of Corporate Auditors on the Consolidated Financial Statements**Matters to be Resolved:**
First Proposal: Appropriation of Surplus
Second Proposal: Election of Seven (7) Directors
Third Proposal: Election of One (1) Corporate Auditor

Yours faithfully,

Dainippon Sumitomo Pharma Co., Ltd.
6-8, Doshomachi 2-Chome,
Chuo-ku, Osaka, Japan

By: Masayo Tada
Representative Director and President

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- **If you will be attending the Meeting in person, please submit the voting form enclosed herewith to the receptionist at the place of the Meeting.**
 - **Any modification that may be made to the Reference Documents for the Shareholders' Meeting, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements will be displayed at the Company's website (<http://www.ds-pharma.co.jp/>).**

Business Report

(From April 1, 2011 to March 31, 2012)

Note: In this Business Report, Dainippon Sumitomo Pharma Co., Ltd. is referred to as the “Company,” and the Dainippon Sumitomo Pharma Group, consisting of the Company and its subsidiaries, is referred to as the “DSP Group.”

1. Matters Regarding the Current Circumstances of the DSP Group

(1) Course and Results of the Business of the DSP Group

During the current consolidated fiscal year, the Japanese economy showed signs of improvement in terms of manufacturing compared to where things stood in the immediate aftermath of the Great East Japan Earthquake. Nevertheless, uncertainty remains prevalent given, among other factors, the ongoing severity of the employment picture, a protracted deflationary situation, and supply issues concerning electrical power. In looking overseas, we see that the economy of the United States is gradually recovering while economic growth in China and other emerging nations is being sustained, albeit at a slower rate. The risks of an economic downturn attributed to the financial instability originating in Europe have not wiped out, and the prospects of the world economy are too severe for comfort.

The pharmaceutical industry remains mired in a severe business environment, in part due to the difficulty in the creation of groundbreaking new drugs and increases in the cost of developing new drugs and in part due to the implementation in Japan of drug price revisions in April of this year while facing worldwide a more stringent approval process and movement toward drastic reforms of healthcare systems.

Under such circumstances, focus was placed on increasing sales by intensively directing business resources towards strategic products such as AVAPRO[®], a therapeutic agent for hypertension as well as new products such as TRERIEF[®], a Parkinson's disease drug, in Japan. In addition, the Company focused on achieving of LONASEN[®], an atypical antipsychotic, further market penetration by launching CNS Sales & Marketing Division in April of last year, and endeavored to reinforce the product lineup in this category through sales collaboration, launch of generic products and the like. In the United States, the DSP Group focused on quickly achieving market penetration for and an expansion of sales of LATUDA[®] (generic name: lurasidone hydrochloride), an atypical antipsychotic that went on sale in that country in February of last year. In February of this year, the Company reached an agreement with Boston Biomedical, Inc. (hereinafter referred to as “BBI”), a bio-venture enterprise in the United States, to acquire this company. In this way, the Company seeks to fortify its development pipelines and enhance its research and development system in the cancer field (See note below.).

Business results in the current consolidated fiscal year are as follows:

• Net sales:

350,395 million yen (a 7.7% decrease from the previous consolidated fiscal year)

Net sales decreased due in part to the appreciation of the yen and decrease of a lump-sum income associated with development and sales collaboration.

• Operating income:

20,402 million yen (a 34.1% decrease from the previous consolidated fiscal year)

Operating income resulted in decrease, mostly due to the decrease of net sales, although research and development cost including primarily license fee was saved.

• Ordinary income:

18,872 million yen (a 34.0% decrease from the previous consolidated fiscal year)

• Net income:

8,629 million yen (a 48.6% decrease from the previous consolidated fiscal year)

The DSP Group posted gains on the sales of fixed assets including the land of former Tokyo northern office as extraordinary gains, and losses such as impairment losses of certain patent rights and business structure improvement costs associated with a revision of our sales structure in the United States as extraordinary losses. In addition, the effective statutory tax rate was changed in association with the revision of the Corporation Tax Act of Japan. With all these, the net income resulted in decrease.

The DSP Group undertook a review of the classification of reportable segments with the aim of further reinforcing the management of the pharmaceuticals business results in each market beginning in the current consolidated fiscal year. The DSP Group does not deduct research and development costs from segment income since these costs are managed on a global basis without being allocated to each segment. Business results by reportable segment are as follows:

① Japan

This section outlines the business results for our domestic pharmaceuticals business. While focusing on selling mainly the strategic products and new products, the Company made proactive efforts to maximize income through the ongoing pursuit of management streamlining, such as efficient and effective control of expense budget. Consequently, with the impact of declining sales of existing products minimized, net sales amounted to 179,879 million yen (a 1.6% decrease from the previous consolidated fiscal year) and segment income amounted to 66,445 million yen (a 2.5% decrease from the previous consolidated fiscal year).

② North America

This section outlines the business results of US subsidiaries, led by Sunovion Pharmaceuticals Inc. (hereinafter referred to as “Sunovion”), and the Company’s

North American operations. In addition to focusing on the early expansion of the sales of LATUDA[®], the DSP Group also engaged in positive promotional activities for LUNESTA[®], a sedative hypnotic drug, and other existing products. Despite a slight rise in net sales on a local currency basis over the previous fiscal year, the appreciation of the yen caused net sales to amount to 108,431 million yen (a 7.8% decrease from the previous consolidated fiscal year). Segment loss amounted to 323 million yen (compared to income of 6,905 million yen in the previous consolidated fiscal year) due to an increase in expenses relating to LATUDA[®].

③ China

This section outlines the business results of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd., and the Company's Chinese operations. While the DSP Group expanded sales primarily through MEROPEN[®] (sold in China as MEPEN[®]), a carbapenem antibiotic preparation, and achieved net sales of 6,541 million yen (an increase of 15.0% over the previous consolidated fiscal year), segment income amounted to 965 million yen (a decrease of 19.3% from the previous consolidated fiscal year) due in part to an increase in selling, general, and administrative expenses.

④ Other regions

This section outlines business results relating to the exporting of products to regions other than North America and China segments and other operations. Mainly due to decrease of a lump-sum income associated with development and sales collaboration, net sales amounted to 15,208 million yen (a decrease of 46.4% from the previous consolidated fiscal year) and segment income came to 7,009 million yen (a decrease of 65.1% from the previous consolidated fiscal year).

In addition to the aforementioned reporting segments, the DSP Group markets food ingredients, food additives, materials for chemical products, veterinary drugs, diagnostic agents and the like and the net sales of these products amounted to 40,334 million yen (a decrease of 10.2% from the previous consolidated fiscal year) and segment income came to 3,162 million yen (an increase of 15.6% from the previous consolidated fiscal year).

The status of research and development activities is as follows:

Aiming to create innovative pharmaceutical products, the DSP Group has positioned the central nervous system (CNS) field as a key strategic area and designated the specialty field—which is marked by a high level of unmet medical needs and a requirement for advanced expertise in the areas of research, development, and marketing, such as with respect to cancer and immune-related diseases—as a frontier therapeutic area. The DSP Group is also proactively engaged in adopting products under development from outside the company.

In the early research stage, the DSP Group implements measures to increase the efficiency of research by taking advantage of genomics, proteomics, metabolomics, and

other proprietary advanced technologies. With regard to nucleic acid drugs, antibody drugs, and other biopharmaceuticals, the DSP Group has been conducting research with specialized research groups. In addition, the Laboratory for Malignancy Control Research (the DSK Project), a collaborative project with Kyoto University to invent innovative anti-cancer drugs started in April of last year. In the CNS field, the Neuropsychiatry Drug Discovery Consortium (NDDC) established with five departments of Graduate School of Medicine and Graduate School of Pharmaceutical Sciences of Osaka University was shifted to the second period in October of last year. As above, the DSP Group also proactively promotes the formation of alliances with research institutes and other pertinent entities, including domestic and foreign universities in order to create innovative therapeutic pharmaceuticals.

In later research stages and during the development stage, the research and development portfolio of the DSP Group is optimized accordingly from a global perspective. In addition, the DSP Group takes a proactive approach to the development of dosage formulations and other aspects of product life-cycle management in order to maximize product values.

The status of the progress of major development projects during the current consolidated fiscal year is as follows:

In the CNS field, the DSP Group submitted a new drug approval application in Canada in June of last year for lurasidone hydrochloride, an atypical antipsychotic. In the United States, an approval application to change the maximum daily dosage of LATUDA[®] to 160 mg was submitted ^(See note below). In addition to ongoing global phase III clinical trials for depression from bipolar disorder, the DSP group commenced phase III clinical trials in the United States for major depressive disorder (mixed features) and in the United States, Europe and other regions for bipolar disorder maintenance. Other than that, in the United States, the DSP Group commenced phase I clinical trials on DSP-0565, an antiepileptic drug, and in the United Kingdom, the DSP Group commenced phase I clinical trials on DSP-2230, a neuropathic pain drug.

In the specialty field, the Company commenced phase I clinical trials jointly with Chugai Pharmaceutical Co., Ltd., on WT4869, a cancer peptide vaccine, with a focus on solid carcinomas in Japan. In addition, the Company also commenced phase I clinical trials on DSP-1747, a therapeutic agent for primary biliary liver cirrhosis and non-alcoholic steatohepatitis, and ceftaroline fosamil, a therapeutic agent for MRSA infections.

In the other fields, the DSP Group obtained approval for ZETONNA[™] (generic name: ciclesonide), a therapeutic agent for allergic rhinitis in January of this year in the United States. In addition, the Company submitted an approval application for DSP-8153 (a combination product of irbesartan and amlodipine besilate), a therapeutic agent for hypertension, in November of last year in Japan.

In addition to the above-mentioned pharmaceuticals area, the DSP Group has implemented research and development for food ingredients, food additives, chemical

product materials, veterinary drugs, etc.

Note1 : The acquisition of BBI was completed in April of this year.

2 : Approval in the United States for changing the maximum daily dosage of LATUDA[®](lurasidone hydrochloride) to 160 mg was obtained in April of this year.

(2) Current Status of Capital Investments by the DSP Group

The total amount of the capital investments made by the DSP Group during the current consolidated fiscal year is 8,742 million yen, and the major capital investment was made for ongoing construction of the new chemistry research building of the Osaka Research Center. .

(3) Financing Status of the DSP Group

The Company raised funds in the amount of 15,000 million yen through long-term borrowings in September 2011, and the Company raised capital in the amounts of 20,000 million yen through the issuance of domestic unsecured straight bonds. Both funds were allocated to the repayment of a short-term borrowing.

(4) Issues to be Addressed by the DSP Group

The Company has set our corporate mission, “To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide” and in order to accomplish this corporate mission, the DSP Group adopted a mid- to long-term vision plan in 2007, aiming to achieve the principal goals by 2022 to “become an internationally competitive R&D-oriented pharmaceutical company and have two solid streams of revenue, the first from domestic operations and the second from international operations,” and for the next ten years, in defining its corporate identity, the DSP Group has set the targets of establishing a solid foundation for domestic business, expanding international business operations, and enriching R&D product pipeline.

In the second five year mid-term business plan (“MTBP”), which first came into effect in 2010, the DSP Group has set the following five basic policies to achieve net sales of 420 billion yen and operating income of 70 billion yen in the fiscal year ending March 2015 as its management goals ^(See Notes Below).

① Transform the earnings structure in Japan

The Company strives to further obtain customers’ confidence by promoting DSP Ambition, which was formulated to achieve patient-oriented marketing appreciated by clients and consists of the guidelines for sales activities. The Company also aims to establish a strategic and flexible sales system by reinforcing our Regional Division System and CNS Sales & Marketing Division. Furthermore, the Company will

continue to direct its business resources primarily towards strategic products and new products. At the same time, the Company will endeavor to engage in low-cost operations and work to proactively address in-licensing and alliances of products or chemical compounds in the late development stage that can contribute to the business performance at an early stage and are expected to have a synergistic effect on existing products.

② Expand overseas operations and maximize earnings

In the United States, the DSP Group will make it top priority to expand the sales of LATUDA[®], a global strategic product, and will also continue to proactively direct business resources to obtain additional indications for expanding future sales of LATUDA[®]. In addition, the DSP Group will make efforts toward early approval and launch of STEDESA[™], an antiepileptic agent for which an NDA has been submitted. In China, the DSP Group will upgrade and strengthen business platform of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. by reinforcing its internal controls as well as marketing and IT capabilities, and will also work to revitalize its development activities, focusing on the continuously growing pharmaceuticals market in the country.

③ Expand pipeline for the continuous creation of new drugs

The DSP Group aims to cultivate strategic candidates as prospective successors to LATUDA[®] and continue to create globally competitive products, and will work on research and development activities, to be mainly handled by the R&D Divisions of the Company and Sunovion. The DSP Group will strive to operate the decision-making system for Global research and development projects which started in April of this year in an efficient and effective manner. At the same time, the DSP Group will promote open innovation based on cooperative relationship with academia and venture companies. Through the acquisition of BBI, the DSP Group obtained research and development capabilities in the cancer field. With BBI, the DSP Group will continue to engage in the establishment of a research and development system in the cancer field on a global basis.

④ Pursue CSR and continuous management efficiency

The DSP Group makes it a top priority among its business activities to ensure corporate ethics, and will request all employees to maintain their senses of ethics at a higher level. The DSP Group will continue to promote CSR management through further reinforcement of global governance, compliance, risk management and social contribution. The DSP Group will also make its continuous efforts to improve management efficiency.

⑤ Establish a challenging corporate culture and cultivate human resources

The DSP Group will endeavor to establish nimble and dynamic corporate culture that fosters new challenges. The DSP Group will also develop and cultivate a highly

diverse pool of human resources. The DSP Group strives to share and implement corporate and management philosophy in order to ensure that the DSP Group retains a lofty spirits and a strong willingness to fulfill its mission.

All of the DSP Group will strive together to promote “creation and transformation” towards a new stage in order to achieve the goals set out in the second MTBP and further accomplish the mid- to long-term vision.

Notes: The sales amount has been changed to 420 billion yen from 440 billion yen released at the time of announcement of the MTBP. This reduction derived from spin-off of the Company’s animal health products business and has no impact on operating income. The target operating income of 70 billion yen has no change from the time of announcement of MTBP.

However, the figures of management targets are those deemed to be appropriate as of the end of the current consolidated fiscal year and may vary to a substantial degree depending on various factors in the future.

(5) Summary of Financial Position and Income

① Summary of Financial Position and Income of the DSP Group

	Fiscal year ended March 2009	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012 (the current consolidated fiscal year)
Net Sales (Millions of yen)	264,037	296,261	379,513	350,395
Ordinary Income (Millions of yen)	31,395	33,837	28,616	18,872
Net Income (Millions of yen)	19,987	20,958	16,796	8,629
Net Income per Share	50.30 yen	52.75 yen	42.27 yen	21.72 yen
Total Assets (Millions of yen)	391,294	626,743	589,868	559,410
Net Assets (Millions of yen)	324,495	343,483	323,983	319,227

② Summary of Financial Position and Income of the Company

	Fiscal year ended March 2009 189 th fiscal year	Fiscal year ended March 2010 190 th fiscal year	Fiscal year ended March 2011 191 st fiscal year	Fiscal year ended March 2012 192 nd fiscal year (the current fiscal year)
Net Sales (Millions of yen)	248,433	248,697	229,756	203,460
Ordinary Income (Millions of yen)	30,893	34,426	41,155	35,184
Net Income (Millions of yen)	19,729	20,932	26,756	22,058
Net Income per Share	49.65 yen	52.68 yen	67.34 yen	55.52 yen
Total Assets (Millions of yen)	387,031	569,445	561,568	549,418
Net Assets (Millions of yen)	323,038	339,614	349,421	367,035

(6) Details of the Principal Businesses of the DSP Group

Manufacturing, processing, purchase, sale, and import and export of pharmaceuticals, food ingredients, food additives, chemical product materials, veterinary drugs and the like.

(7) Major Sales Branches, Plants, etc., of the DSP Group

	Name	Place	Name	Place	Name	Place
	Headquarters	Osaka	Tokyo Office	Chuo-ku, Tokyo	Osaka Center	Osaka
Branches	Sapporo Branch	Sapporo	Kita-tohoku Branch	Morioka, Iwate	Minami-tohoku Branch	Sendai
	Kita-kanto Branch	Chuo-ku, Tokyo	Koshinetsu Branch	Chuo-ku, Tokyo	Chiba Branch	Chiba
	Saitama Branch	Saitama	Tokyo Branch I	Chuo-ku, Tokyo	Tokyo Branch II	Toshima-ku, Tokyo
	Yokohama Branch	Yokohama	Shizuoka Branch	Shizuoka	Nagoya Branch	Nagoya
	Hokuriku Branch	Kanazawa, Ishikawa	Keiji Branch	Kyoto	Osaka Branch I	Osaka
	Osaka Branch II	Sakai	Kobe Branch	Kobe	Higashi-chugoku Branch	Okayama
	Nishi-chugoku Branch	Hiroshima	Shikoku Branch	Takamatsu, Kagawa	Kyushu-kita Branch	Fukuoka
	Kyushu-minami Branch	Fukuoka				
Plants	Suzuka Plant	Suzuka, Mie	Ibaraki Plant	Ibaraki, Osaka	Ehime Plant	Niihama, Ehime
	Oita Plant	Oita, Oita				
Research Laboratories	Central Research Laboratories	Suita, Osaka	Osaka Research Center	Osaka		
Subsidiaries	DSP Gokyo Food & Chemical Co., Ltd.	Osaka	DS Pharma Animal Health Co., Ltd.	Osaka	DS Pharma Biomedical Co., Ltd.	Suita, Osaka
	Sunovion Pharmaceuticals Inc.	U.S.A.	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	China		

(8) Employees

① Employees of the DSP Group

Business Segment	Number of Employees
Pharmaceutical Business	7,291
Others	310
Total	7,601

(Note) The number of employees of the DSP Group indicated above is the total number of all

persons currently working, including the seconded employees accepted by the DSP Group, but excluding the employees seconded to other companies.

② Employees of the Company

Number of Employees	Change from the Previous Business Year	Average Age	Average Length of Continuous Employment
4,449	-20	40.9	16.3 years

- (Note)
1. The number of the Company's employees indicated above is the total number of all persons currently working, including the 124 seconded employees accepted by the Company, but excluding the 429 employees seconded to other companies.
 2. The average age and average length of continuous employment were calculated based on the number that excludes the seconded employees accepted by the Company.

(9) Status of the Parent Company and Significant Subsidiaries

① Relation with the Parent Company

The parent company of the Company is Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") holding 199,434,000 shares of common stock of the Company (investment ratio: 50.12%). The business transactions between the Company and Sumitomo Chemical are: lease and rental of manufacturing/ research facilities for certain pharmaceuticals, consignment and undertaking of services in relation thereto, purchase of raw materials, and lending of funds to Sumitomo Chemical.

② Status of the Significant Subsidiaries

	Name	Investment Ratio (%)	Principal Businesses
Japan	DSP Gokyo Food & Chemical Co., Ltd.	100	Manufacture and sale of food ingredients, food additives, chemical product materials and the like
	DS Pharma Animal Health Co., Ltd.	100	Manufacture and sale of veterinary drugs and the like
	DS Pharma Biomedical Co., Ltd.	100	Manufacture and sale of diagnostic products and the like
Overseas	Sunovion Pharmaceuticals Inc.	100 (100)	Manufacture and sale of medical drugs
	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	100	Manufacture and sale of medical drugs

- (Note)
1. The figure indicated in parentheses under the Investment Ratio column indicates the indirect ownership ratio (%) vis-a-vis the total ownership ratio.
 2. BBI is now treated as a significant subsidiary of the Company due to the acquisition by the Company of all of the issued shares of BBI as of April 24, 2012 (U.S. time).

(10) Principal Lender and the Amount of the Loan

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	16,100 million yen
The Sumitomo Trust and Banking Co., Ltd.	10,300 million yen
The Norinchukin Bank	8,800 million yen
The Hyakujushi Bank, Ltd.	5,000 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,800 million yen
Sumitomo Life Insurance Company	4,000 million yen
Nippon Life Insurance Company	4,000 million yen

- (Note) The Sumitomo Trust and Banking Co., Ltd. changed its trade name to Sumitomo Mitsui Trust Bank, Limited as of April 1, 2012.

(11) Other Significant Matters Concerning the Current State of the DSP Group

(Lawsuit)

In April 2007, Dey, L.P. and Dey, Inc. (together, “Dey”) filed a lawsuit in the U.S. District Court for the Southern District of New York against Sunovion Pharmaceuticals Inc., alleging that a Sunovion product, BROVANA[®], a long-acting beta2-adrenergic agonist, is infringing a single United States patent owned by Dey in terms of its formulation and the application thereof. Sunovion is currently litigating this matter.

2. Matters Regarding the Shares

- (1) **Total Number of Issuable Shares:** 1,500,000,000 shares
- (2) **Total Number of Issued Shares:** 397,900,154 shares (including 588,699 treasury stocks)
- (3) **Number of Shareholders at the end of this Business Year:** 18,350
- (4) **Top Ten Shareholders**

Name of Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
Sumitomo Chemical Co., Ltd.	199,434	50.20
Inabata & Co., Ltd.	27,282	6.87
The Master Trust Bank of Japan, Ltd. (trust account)	14,829	3.73
Nippon Life Insurance Company	10,530	2.65
Japan Trustee Services Bank, Ltd. (trust account)	8,724	2.20
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	7,000	1.76
Sumitomo Life Insurance Company	5,776	1.45
Aioi Nissay Dowa Insurance Co., Ltd.	4,928	1.24
Dainippon Sumitomo Pharma Employee Shareholding Association	4,327	1.09
JPMorgan Securities Japan Co., Ltd.	2,850	0.72

- (Note) 1. The 7,000,000 shares of the Company, which are held by Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account) and which were contributed by Sumitomo Mitsui Banking Corporation, were placed in a retirement benefit trust account. After deducting the aforementioned shares that were

contributed, Sumitomo Mitsui Banking Corporation now holds 1,125,000 shares of the Company (shareholding ratio: 0.28%).

2. The shareholding ratios were calculated after deducting the treasury stocks (588,699 shares).

3. Matters Regarding the Directors and Corporate Auditors of the Company

(1) Directors and Corporate Auditors

Position	Name	Title and Responsibilities, Principal Duties, and Significant Positions Held Concurrently
Representative Director and President	Masayo Tada	President and Chief Executive Officer Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Representative Director	Keiichi Ono	Executive Vice President Executive Director, Drug Development Division In charge of the Drug Research Division Member, Board of Directors of DS Pharma Animal Health Co., Ltd.
Member, Board of Directors	Kazumi Okamura	Executive Vice President In charge of Corporate Communications, Legal Affairs, Environment and Safety, General Affairs, Osaka Administration, and the Earthquake Disaster Reconstruction Support Office
Member, Board of Directors	Hiroshi Noguchi	Executive Vice President Executive Director, Strategic Planning and Business Development Division In charge of the Global Oncology Business Development Office Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Member, Board of Directors	Makoto Hara	Senior Executive Officer Executive Director, Global Business Division In charge of Corporate Planning, Finance & Accounting and the Business Support Center Member, Board of Directors of Sunovion Pharmaceuticals Inc.

Member, Board of Directors	Yoshihiro Okada	Executive Officer Executive Director, Manufacturing Division In charge of the Technology Research and Development Division Member, Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.
Member, Board of Directors	Masaru Ishidahara	Executive Officer Director of Personnel In charge of Career Development Support and Procurement
Member, Board of Directors	Tetsuya Oida	Representative Director and President of DSP Gokyo Food and Chemical Co., Ltd. Representative Director and Chairman of Sanno Foods Co., Ltd.
Full-Time Corporate Auditor	Ikuo Hino	Corporate Auditor of DS Pharma Animal Health Co., Ltd.
Full-Time Corporate Auditor	Nobuo Takeda	Corporate Auditor of DSP Gokyo Food and Chemical Co., Ltd. Corporate Auditor of DS Pharma Biomedical Co., Ltd.
Corporate Auditor	Masahiro Kondo	
Corporate Auditor	Harumichi Uchida	Attorney at Law (admitted in Japan and the State of New York) Corporate Auditor of Daifuku Co., Ltd.
Corporate Auditor	Hidehiko Sato	Attorney at Law (admitted in Japan) Director of JS Group Corporation

- (Note)
1. The Directors, Makoto Hara and Masaru Ishidahara, and the Corporate Auditor, Hidehiko Sato, were newly appointed at the 191st Annual Shareholders' Meeting held on June 24, 2011 and assumed their respective offices thereafter.
 2. The Representative Director and Chairman, Kenjiro Miyatake, and the Director, Yutaka Takeuchi, retired as of June 24, 2011 due to the expiration of their terms of office.
 3. The Corporate Auditor, Toshiyuki Aoki, resigned as of June 24, 2011.
 4. The Corporate Auditors, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, are outside corporate auditors as defined in Item 16, Article 2 of the Companies Act.
 5. The Corporate Auditor, Masahiro Kondo, has a considerable amount of knowledge in accounting and tax affairs. He has gained a wealth of experience working at the accounting and finance department of Sumitomo Chemical Co., Ltd. over the years, and he is also a qualified Certified Public Accountant.
 6. The Company designated the Corporate Auditor, Hidehiko Sato, as an Independent Auditor as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange

Co., Ltd., and reported the same to the said exchanges.

7. There is no significant trading relationship between the Company and Daifuku Co., Ltd. for which the Corporate Auditor, Harumichi Uchida, serves as a corporate auditor.
8. There is no significant trading relationship between the Company and JS Group Corporation for which the Corporate Auditor, Hidehiko Sato, serves as a corporate auditor.
9. As of April 1, 2012, the “Title and Responsibilities, Principal Duties, and Significant Positions Held Concurrently” of the Directors changed as follows:

Position	Name	Title and Responsibilities, Principal Duties, and Significant Positions Held Concurrently
Director	Keiichi Ono	Member, Board of Directors of DS Pharma Animal Health Co., Ltd.
Director	Kazumi Okamura	
Representative Director	Hiroshi Noguchi	Senior Executive Vice President In charge of Business Development, the Global R&D Office, Global Project Management, and the Global Oncology Business Development Office Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Director	Makoto Hara	Executive Vice President In charge of Global Corporate Management, Global Strategy, Legal Affairs, Finance & Accounting, the Business Support Center and Global Sales and Marketing Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Director	Masaru Ishidahara	Executive Officer In charge of Corporate Communications, Environment and Safety, Personnel, General Affairs, Procurement and Osaka Administration

10. The Representative Director and President, Masayo Tada, and the Representative Director, Hiroshi Noguchi, assumed the position of Members of the Board of Directors of BBI as of April 24, 2012 (U.S. time).

(2) Matters Regarding the Outside Corporate Auditors

① Outside Corporate Auditors

The Corporate Auditors, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, are outside corporate auditors as defined in Item 16, Article 2 of the Companies Act.

② The Principal Activities of Each Outside Corporate Auditor

Name	Principal Activities
Masahiro Kondo	He attended all eighteen (18) meetings held by the Board of Directors, and all sixteen (16) meetings held by the Board of Corporate Auditors during the current business year, and he spoke at those meetings as necessary from a professional standpoint with respect to accounting and tax affairs.
Harumichi Uchida	He attended all eighteen (18) meetings held by the Board of Directors and all sixteen (16) meetings held by the Board of Corporate Auditors during the current business year, and he spoke at those meetings as necessary from the professional standpoint of an attorney.
Hidehiko Sato	Among the eighteen (18) meetings held by the Board of Directors and the sixteen (16) meetings held by the Board of Corporate Auditors during the current business year, he attended all fourteen (14) meetings held by the Board of Directors and all twelve (12) meetings held by the Board of Corporate Auditors, held after his assumption of office, and he spoke at those meetings as necessary from the professional standpoint of an attorney.

③ Matters Regarding the Agreement Limiting the Liability of the Outside Corporate Auditors

Pursuant to Paragraph 1 of Article 427 of the Companies Act, with respect to liability for damages, the Company executed an agreement (the “Limited Liability Agreement”) with the Corporate Auditors, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, to limit their liability for damages under circumstances where they acted in good faith and were not grossly negligent in performing their respective duties. The Limited Liability Agreement provides for a total maximum liability of 10 million yen or any amount stipulated by the relevant laws and regulations, whichever is higher.

(3) Remuneration and the like for Directors and Corporate Auditors

	Number	Amount of Remuneration and the like (Millions of Yen)	Memo
Directors	10	301	
Corporate Auditors (Outside Corporate Auditors)	6 (4)	90 (36)	
Total	16	391	

(Note) 1. The above includes two (2) Directors and one (1) Corporate Auditor who retired

upon the conclusion of the 191st Annual Shareholders' Meeting held on June 24, 2011.

2. The respective amounts of remuneration and the like for Directors and Corporate Auditors that were determined in the Shareholders' Meeting do not exceed 400 million yen annually for Directors, and 100 million yen annually for Corporate Auditors.
3. The total amount of remuneration and the like for Directors includes the amount of 31 million yen, which represents the bonuses for Directors to be paid after the 192nd Annual Shareholders' Meeting to be held in June 2012.
4. In addition to the above, retirement benefits in the total amount of 172 million yen were paid to one (1) Director who retired during the current business year due to the expiration of his term of office. The payment of the retirement benefits was made in accordance with the resolution on the abolition of the retirement benefits program for Directors and Corporate Auditors, which was approved at the 185th Annual Shareholders' Meeting held on June 29, 2005.

4. Accounting Auditor

(1) Name

KPMG AZSA LLC

(2) Amount of Remuneration and the like

	Amount to be paid (Millions of Yen)
Consideration to be paid for the services (audit attestation services) described in Paragraph 1 of Article 2 of the Certified Public Accountant Act (Act No. 103 of 1948)	66
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	90

- (Note)
1. Under the Audit Agreement between the Company and the Accounting Auditor, there is no distinction between the compensation and the like for an audit under the Companies Act and the Financial Instruments and Exchange Act. Moreover, the two amounts cannot be substantially distinguished from each other. Thus, the amount of compensation and the like related to the audit attestation services reflects the total sum of these two kinds of amounts.
 2. Among the significant subsidiaries, Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. and Sunovion Pharmaceuticals Inc. have been audited by auditing firms other than the Accounting Auditor of the Company.

(3) Details of Non-Audit Services

The Company assigns to the Accounting Auditor the provision of “financial due diligence services” and the like (i.e., non-audit services), which do not constitute the services provided in Paragraph 1 of Article 2 of the Certified Public Accountant Act.

(4) Policy for the Determination of the Dismissal or Non-Reelection of the Accounting Auditor

In addition to dismissal by the Board of Corporate Auditors as set forth in Article 340 of the Companies Act, the Company will, in case it finds substantial concerns with respect to the performance by the Accounting Auditor of its duties, taking into consideration its independence, manner of performance of duties and the like, propose the dismissal or non-re-election of such Accounting Auditor as a matter to be resolved at the Annual Shareholders’ Meeting in accordance with the procedures set forth in Article 344 of the Companies Act.

5. System Assuring the Appropriateness of Business Operations

The Company passed a resolution on the following basic policies for the establishment of a system to ensure the appropriateness of the business operations, and has been continually implementing such system.

(1) System Concerning the Assurance of Compliance by Directors and Employees with Applicable Laws and Regulations, and the Articles of Incorporation of the Company in Respect of the Performance of Their Respective Duties

- ① The Company ensures that legal compliance is the basis for carrying out any and all of the Company’s business activities pursuant to the Dainippon Sumitomo Pharma Declaration of Conduct (Guidebook for Daily Application) and Compliance Conduct Standards by repeatedly communicating the spirit thereof to the Directors and employees through the initiative of the Representative Directors.
- ② In order to implement the aforementioned policy, the Directors and employees comply with and adhere to corporate ethics in accordance with the corporate philosophy, management principles, values and code of conduct of the Company.
- ③ The Company endeavors to improve the audits by the Board of Corporate Auditors including the neutral and independent outside corporate auditors.
- ④ The Company establishes a department to promote compliance and a department in charge of internal audits for the purposes of providing training to the Directors

and employees and conducting compliance status audits and the like.

- ⑤ The Company establishes and operates a compliance hotline through which any employee can directly report or give notice of any doubtful activity under the laws and regulations and/or the Articles of Incorporation.
- ⑥ The Company establishes a department in charge of internal control over financial reporting under the Financial Instruments and Exchange Act, and conducts its formation, evaluation, maintenance, improvement and the like.

(2) System for the Maintenance and Management of Information Concerning the Directors' Performance of Their Duties

With regard to information concerning the performance by the Directors of their duties, the Directors properly maintain and manage such information pursuant to the *SHA-SOKU*, the internal rules established by the Company (the "Company Regulations").

(3) System Concerning the Rules on Management of Risk of Loss

The Company develops the Company Regulations and strengthens its ability to respond to factors that could potentially threaten its management in conducting business activities. The Company establishes a committee that oversees company-wide risk management, formulates basic policies on risk management, and optimizes risk management in each division.

(4) System to Ensure Efficiency in the Performance by the Directors of Their Duties

Under the Company Regulations, by clarifying the rules on the allocation of duties, authority and decision making, the Company establishes a system that enables each Director to properly and efficiently perform his/her duties. Coupled with endeavors to expedite decision making through the adoption of the electronic approval system and the like, efforts will be made to promote efficiency in business operations by the establishment of the headquarters for each division and the proper delegation by the Representative Directors of authority.

(5) System to Secure the Appropriateness of the Operations of the Company and the DSP Group (including the Parent Company and Subsidiaries)

Based on the Company Regulations on the operation management of the group companies, the Company establishes one department to manage each group company and a department that supervises the operational management of all of the group companies in order to understand and manage the business and operational conditions of each group company, and extend the proper support to assist the group companies in the conduct of their businesses.

(6) Matters Concerning Employees Assisting Corporate Auditors If Such Corporate Auditors Decide to Use Such Employees, and Matters Concerning the Independence of Such Employees from the Directors

The Company establishes a Corporate Auditors' office to assist Corporate Auditors in performing their duties. At least one (1) employee, who is not under the direction or supervision of the division in charge of the business operations, is placed in such office.

(7) System for Directors and Employees to Report to Corporate Auditors, and System Concerning Other Reports to Corporate Auditors

The Directors and employees develop rules setting forth the matters to be reported to the Corporate Auditors and the Board of Corporate Auditors and providing the reporting procedures.

(8) System to Ensure Effective Implementation of Audits by Corporate Auditors

By holding regular meetings with the Corporate Auditors and the Board of Corporate Auditors or otherwise, the Representative Directors endeavor to promote an environment where efficient audits by the Corporate Auditors can be ensured.

(9) Elimination of Anti-Social Forces

The Company keeps its employees thoroughly informed to take decisive actions against anti-social forces, and promotes efforts aimed at cutting off any and all relationships with such forces.

Consolidated Balance Sheet

(As of March 31, 2012)

(millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	334,250	Current liabilities	105,965
Cash and time deposits	12,953	Notes and accounts payable	16,860
Notes and accounts receivable	101,955	Current portion of long-term loans payable	10,000
Marketable securities	99,118	Income taxes payable	5,437
Merchandise and finished goods	42,480	Reserve for bonuses	7,592
Work-in-process	2,591	Reserve for sales returns	3,657
Raw materials and supplies	13,045	Reserve for sales rebates	18,527
Deferred tax assets	31,782	Other accounts payable	30,009
Short-term loans	25,000	Others	13,881
Others	5,433		
Allowance for doubtful receivables	(110)	Long-term liabilities	134,217
		Bonds payable	70,000
Fixed assets	225,159	Long-term loans payable	48,000
Property, plant and equipment	66,697	Liability for retirement benefits	10,790
Buildings and structures	40,361	Others	5,427
Machinery, equipment and carriers	9,856		
Land	10,248	Total liabilities	240,183
Construction in progress	2,121		
Others	4,109	Net assets	
		Shareholders' equity	343,275
Intangible assets	107,706	Common stock	22,400
Goodwill	64,311	Capital surplus	15,860
Patent rights	32,524	Retained earnings	305,664
Others	10,871	Treasury stock	(649)
Investments and other assets	50,755	Accumulated other comprehensive income (loss)	(24,047)
Investment securities	29,855	Unrealized gains on available-for-sale securities, net of tax	8,016
Deferred tax assets	11,624	Foreign currency translation adjustment	(32,064)
Others	9,331		
Allowance for doubtful receivables	(55)	Total net assets	319,227
Total assets	559,410	Total liabilities and net assets	559,410

Note: All amounts are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2011 to March 31, 2012)

(millions of yen)

Item	Amount	
Net sales		350,395
Cost of sales		98,845
Gross profit		251,550
Provision for reserve for sales returns		11
Gross profit-net		251,539
Selling, general and administrative expenses		231,136
Operating income		20,402
Non-operating income		
Interest and dividend income	1,024	
Others	1,062	2,086
Non-operating expenses		
Interest expense	1,122	
Contribution	1,590	
Loss on disposal of fixed assets	184	
Others	718	3,616
Ordinary income		18,872
Extraordinary income		
Gain on sales of fixed assets	1,240	1,240
Extraordinary loss		
Impairment loss	2,337	
Business structure improvement expenses	1,224	
Loss on valuation of investment securities	223	3,785
Income before income taxes and minority interests		16,327
Income taxes-current	12,291	
Income taxes-deferred	(4,593)	7,698
Income before minority interests		8,629
Net Income		8,629

Note: All amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2011	22,400	15,860	304,186	(648)	341,798
Changes during the fiscal year					
Cash dividends			(7,151)		(7,151)
Net income			8,629		8,629
Purchases of treasury stock				(1)	(1)
Sales of treasury stock			(0)	0	0
Changes in items other than shareholders' equity (net)					
Total changes during the fiscal year	—	—	1,477	(1)	1,476
Balance as of March 31, 2012	22,400	15,860	305,664	(649)	343,275

	Accumulated other comprehensive income (loss)			Total net assets
	Unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance as of March 31, 2011	5,413	(23,228)	(17,814)	323,983
Changes during the fiscal year				
Cash dividends				(7,151)
Net income				8,629
Purchases of treasury stock				(1)
Sales of treasury stock				0
Changes in items other than shareholders' equity (net)	2,602	(8,836)	(6,233)	(6,233)
Total changes during the fiscal year	2,602	(8,836)	(6,233)	(4,756)
Balance as of March 31, 2012	8,016	(32,064)	(24,047)	319,227

Note: All amounts are rounded down to the nearest million yen.

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies for consolidated financial statements

(1) Scope of consolidation

Number of consolidated subsidiaries: 13 companies

Names of the major consolidated subsidiaries

DSP Gokyo Food & Chemical Co., Ltd., DS Pharma Animal Health Co., Ltd., DS Pharma Biomedical Co., Ltd., Sunovion Pharmaceuticals Inc. and Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.

7 non-consolidated subsidiaries have been excluded from the scope of consolidation as they are small sized companies where their exclusion would not have a material impact on our consolidated financial statements.

(2) Application of the equity method

7 non-consolidated subsidiaries and 5 affiliated companies have been excluded from the scope of the application of the equity method as their exclusion does not have a material impact on our consolidated financial statements.

(3) Fiscal year end of consolidated subsidiaries

There are 10 consolidated overseas subsidiaries. The fiscal year ends of the 10 companies are December 31. The Company uses the consolidated subsidiaries' financial statements as of December 31 to prepare the consolidated financial statements. For significant transactions which have occurred during the period between the fiscal year ends of the consolidated subsidiaries and March 31, necessary adjustments have been made for the consolidated financial statements.

(4) Significant accounting policies

① Valuation of significant assets

(i) Marketable and investment securities

Held-to-maturity securities	Amortized cost (straight-line method)
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Available-for-sale securities	
-------------------------------	--

With market values	
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Market value method, based on the market price as of the last day of the consolidated fiscal period (All valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated using the moving-average method.)

Without market values	
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Moving-average cost method

(ii) Inventories

Inventories held for sale in the regular course of business

Weighted average cost method (Book values are calculated using the lower of cost or market principle.)

Certain consolidated subsidiaries use the FIFO (first-in, first-out) costing method (Book values are calculated using the lower of cost or market principle).

② Depreciation and amortization of capital assets

(i) Property, plant and equipment (excluding leased assets)

Buildings are depreciated using the straight-line method. Other tangible fixed assets are depreciated using the declining-balance method. At certain subsidiaries, all tangible fixed assets are depreciated using the straight-line

method. The estimated useful life of each asset is as follows:

Buildings and structures 3 to 60 years

Machinery, equipment and carriers: 2 to 17 years

(ii) Intangible assets (excluding lease assets)

Intangible assets are depreciated using the straight-line method. The estimated useful life of intangible assets is as follows:

Patent rights: 1 to 10 years

(iii) Leased assets

Leased assets relate to finance lease transactions that do not transfer ownership

The straight-line method is used where the lease period is taken as the useful life and the residual value is zero.

Finance lease transactions which do not transfer ownership, which started on or before March 31, 2008, are accounted for in the same manner as ordinary operating lease transactions.

③ Accounting for significant allowances/reserves

(i) Allowance for doubtful receivables

In order to provide for losses arising from uncollectable receivables and other bad debts, we review the loan loss ratio of general claims and collectability on an individual basis of particular loans, such as those with a higher probability of default, and accrue provisions for the amounts that we estimate will be uncollectible.

(ii) Reserve for bonuses

In order to provide for the payment of employee bonuses, the amounts that we estimate will be paid are accrued.

(iii) Reserve for sales returns

A reserve is accrued for profits from expected sales returns. In certain consolidated subsidiaries, a reserve is accrued for losses from expected sales returns.

(iv) Reserve for sales rebates

A reserve for sales rebates is accrued in order to provide for the disbursement of sales rebates for public programs, wholesalers, and other contracts.

(v) Liability for retirement benefits

In order to provide for the retirement benefits of employees, amounts are accrued based on the projected benefit obligations and estimated value of pension assets as of the end of the consolidated fiscal year.

Unrecognized prior service costs are treated as an expense and recognized using the straight-line method, based on the average number of remaining service years of employees when incurred (fifteen years).

Unrecognized actuarial gains and losses are treated as an expense and recognized from the following consolidated fiscal year using the straight-line method based on the average number of remaining service years of employees when incurred (fifteen years).

④ Standards applicable to the conversion of material foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate on the last day of the consolidated fiscal year. Any foreign exchange gain or loss resulting from translation is charged to income.

Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate in effect at the balance sheet date. Revenue and expenses are translated at the average exchange rate for the period into yen. Differences arising from translations are recognized as foreign currency translation adjustment in accumulated other comprehensive income (loss).

⑤ Significant hedge accounting method

(i) Hedge accounting

DSP Group uses the deferred hedge accounting method. Foreign exchange forward contracts are accounted for by recognizing gains and losses on foreign monetary rights or obligations, preset prices, when the contracts conditions are satisfied.

(ii) Hedging instruments and hedged items

• Hedging instruments

Foreign exchange forward contracts

• Hedged items

Monetary assets and liabilities denominated in foreign currencies and monetary assets and liabilities specifically related to anticipated transactions, denominated in foreign currencies, which are covered by an agreement.

(iii) Hedge policy

Foreign exchange forward contract are conducted pursuant to internal rules and regulations in order to hedge foreign currency risks.

(iv) Method of evaluating the effectiveness of hedges

The effectiveness has been evaluated by comparing the accumulated changes in market value of hedged items with the accumulated changes in market value of hedging instruments. With regard to foreign exchange forward contracts, the effectiveness of such contracts has not been evaluated as important conditions for hedged items and hedging instruments are the same.

⑥ Amortization of goodwill

Goodwill accrued due to the acquisition of Sunovion Pharmaceuticals Inc. has been amortized on a straight-line basis over a period of 20 years.

⑦ Other significant accounting policies for consolidated financial statements

Accounting for consumption taxes

All financial statement items are net of consumption taxes.

2. Notes to the Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

① Assets pledged as collateral

Investment securities 51 million yen

② Secured Liabilities

Accounts payable 205 million yen

(2) Accumulated depreciation of tangible fixed assets 141,746 million yen

Accumulated depreciation of tangible fixed assets is included in accumulated impairment losses.

(3) Liabilities on guarantees

Debt guarantees covering amounts borrowed by affiliated companies from financial institutions have been extended as follows:

Sanno Foods Co., Ltd. 280 million yen

Others 167 million yen

3. Notes to the Consolidated Statement of Changes in Net Assets

(1) Type and total number of issued shares as of the end of the current consolidated fiscal year

Common Stock 397,900,154 shares

(2) Dividends

① Dividend payment amounts

Resolution	Type of share	Total dividend amount	Dividend amount per share	Declaration date	Effective date of distribution
June 24, 2011 Annual shareholders' Meeting	Common Stock	3,575 million yen	9.00 yen	March 31, 2011	June 27, 2011
October 31, 2011 Meeting of the Board of Directors	Common Stock	3,575 million yen	9.00 yen	September 30, 2011	December 1, 2011

② Dividends for which the declaration date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

Resolution schedule	Type of share	Total dividend amount	Source of Funds for dividend distribution	Dividend amount per share	Declaration date	Effective date of distribution
June 22, 2012 Annual shareholders' Meeting	Common Stock	3,575 million yen	Retained earnings	9.00 yen	March 31, 2012	June 25, 2012

4. Notes to financial instruments

(1) Matters pertaining to financial instruments

① Policies for using financial instruments

The Group procures funds by bank loans and issuance of corporate bonds that are required for investment plans and other purposes in order to carry out business inside and outside of Japan. Temporary surplus funds are to be invested only in safe financial instruments, for which there is a low probability for losses of invested capital. Derivative transactions are used only to avoid risk as described below, and speculative transactions are not taken.

② Details of financial instruments and risks, policies and processes for risk management

In order to reduce the credit risks of notes and accounts receivable associated with customers, due dates and amounts outstanding are managed for each customer in accordance with the standards pertaining to the management of loans as determined by each group company. In addition, a system to regularly obtain and review the credit standing of major clients has been adopted.

Marketable securities and investment securities consist primarily of negotiable certificates for deposit, bonds held to maturity and shares. These investments are exposed to risks associated with changes in market prices. The market values of the securities and the financial standing of the issuers of these investments are regularly monitored. The shareholding status is also reviewed continuously, and relationships with the client companies are taken into account. In addition, bonds held to maturity consist of only highly rated bonds, pursuant to the Group regulations for the management of funds to minimize credit risks.

Operating payables such as notes and trade accounts payable, and other accounts payable are all due within one year. As some of these payables consist of notes and accounts payable that are denominated in foreign currencies due to the import of raw materials, they are also exposed to the risks of fluctuations in exchange rates. When significant, these risks are hedged using foreign exchange forward contracts.

Loans payable and corporate bonds are instruments that are primarily used for the purpose of procuring funds in accordance with business plans; the redemption date of each such instrument falls, at the latest, less than seven years after the applicable settlement date. Some loans payable are subject to variable interest rates and are exposed to the risks of fluctuations in interest rates.

All income taxes payable are mostly due within two months.

While accounts payable, loans payable and bonds are exposed to liquidity risks, the risks are managed within the Group by the preparation of cash flow plans on a monthly basis.

Derivative financial instruments of the Group include forward exchange contracts for the purpose of hedging risks of fluctuations in exchange rates of receivables and payables denominated in foreign currencies. With respect to forward exchange contracts, the Finance & Accounting Division formulates an implementation plan for hedging foreign currency risks every half year pursuant to the regulations for management of foreign currency risks and, upon reporting to the Board of Directors, executes transactions, and posts the applicable entries. The results of derivative transactions are also reported to the Board of Directors. Certain consolidated subsidiaries also set forth internal standards pertaining to forward exchange contracts and engage in transactions in accordance therewith. See “Significant hedge accounting method” as stated in the above “Significant accounting policies” for information on hedging instruments, hedged items, hedging policy, and the method of evaluating the effectiveness of hedges, as they relate to hedge accounting.

③ Supplemental information on market values

In addition to value based on quoted market prices, the market value of financial instruments includes fair value which is determined by using valuation techniques. Since certain assumptions are considered in the calculation of such amounts, the adoption of different assumptions may cause prices to vary.

(2) Fair value of financial instruments

Consolidated balance sheet amounts compared to the corresponding fair values, and the differences between these figures, as of March 31, 2012, are as follows (financial instruments for which the ascertainment of fair value is deemed to be exceedingly difficult are not included, see Note 2);

	(millions of yen)		
	Amount on consolidated balance sheet(*)	Fair value(*)	Difference
① Cash and time deposits	12,953	12,953	—
② Notes and accounts receivable	101,955	101,955	—
③ Short-term loans payable	25,000	25,000	—
④ Marketable securities and investment securities	125,872	125,872	—
⑤ Notes and accounts payable-trade	(16,860)	(16,860)	—
⑥ Income taxes payable	(5,437)	(5,437)	—
⑦ Accounts payable-other	(30,009)	(30,009)	—
⑧ Bonds payable	(70,000)	(70,791)	(791)
⑨ Loans payable (Current and Long-term)	(58,000)	(58,032)	(32)
⑩ Derivative transactions	—	—	—

(*)Liabilities are noted by ().

(Note 1): Basis of determining fair value of financial instruments, and matters pertaining to securities and derivative transactions

- ① Cash and time deposits,
As all time deposits are short-term, fair value is approximately equal to book value and is calculated according to the applicable book value.
- ② Notes and accounts receivable, and ③ Short-term loans payable
As these assets are settled on a short-term basis, fair value is approximately equal to their book value and is calculated according to the applicable book value.
- ④ Marketable securities and investment securities
The fair value of these assets is calculated according to the quoted market price for shares and the price indicated by the applicable financial trading institution for bonds. As negotiable certificates of deposit are settled on a short-term basis, fair value is approximately equal to book value and is calculated according to the applicable book value.
- ⑤ Notes and accounts payable, ⑥ Income taxes payable and ⑦ Other accounts payable
As these liabilities are settled on a short-term basis, fair value is approximately equal to book value and is calculated according to the applicable book value.
- ⑧ Bonds payable
The fair value of corporate bonds is calculated according to market price.
- ⑨ Long-term loans payable
The fair value of long-term loans payable is calculated according to the present value of the total sum of principal and interest as discounted by an assumed rate that would have been applicable had a new identical loan been undertaken.
- ⑩ Derivative transactions
As foreign exchange forward contracts subject to appropriation are processed in an integrated manner together with the accounts payable items constituting hedged items, the fair value has been included in the applicable accounts payable items and stated accordingly.

(Note 2): The fair value of unlisted shares and others (the amount of which is posted in the consolidated balance sheet at 3,101 million yen) is not included in “④ Marketable securities and investment securities” because they are deemed to be exceedingly difficult to ascertain given the unavailability of quoted market prices.

5. Notes to per share information

(1) Net assets per share	803.47 yen
(2) Net income per share	21.72 yen

6. Significant subsequent event

Acquisition of a company by way of the acquisition of shares

On February 29, 2012, we reached an agreement with Boston Biomedical, Inc. of the United States (hereinafter referred to as “BBI”) on our acquisition of BBI. Pursuant to said agreement, we acquired the relevant shares on April 24, 2012 (U.S. time), whereupon BBI became a fully owned subsidiary of our company.

(1) Purpose of acquisition

BBI is a biotechnology company focusing on the oncology area and possesses two highly promising products in their pipeline called BBI608 and BBI503, which are small molecular oral drugs created by BBI with the aim to cause an antitumor effect in cancer stem cells. Anticancer drugs targeting cancer stem cells are considered to be effective against refractory, recurrent and metastatic cases, which are the main challenges in current cancer treatment, and BBI608 and BBI503 are likely to become the first anticancer drugs in the world targeting cancer stem cells.

After execution of the option agreement with BBI, DSP recognized BBI's innovative development pipeline and its excellent ability of drug discovery/development, which led to DSP's decision to acquire BBI.

Acquisition of BBI is not only an acquisition of an innovative pipeline in the oncology area, it also represents obtaining an excellent drug discovery/development platform with the capabilities of BBI, enabling us to continuously create candidate compounds likely to advance into later development stages. Subsequently we intend to establish our R&D base in the US to expand our presence in cancer treatment globally. We are aiming to make the oncology area one of our future focus therapeutic areas next to the CNS area.

(2) Name of the parties from whom shares were acquired

Shareholders of BBI and BBI itself

(3) Name of acquired company and the description and size of operations undertaken thereby

Name: Boston Biomedical, Inc.

Description of business: Biotechnology company focusing on R&D in the cancer stem cell area.

Size: Amount of net assets: 11 million US dollars

Amount of total assets: 4 million US dollars (As of March 31, 2012)

(4) Date on which shares were acquired

April 24, 2012 (U.S. time)

(5) Acquisition price and equity ratio after acquisition

Consideration for acquisition: 200 million US dollars (excluding incidental costs)

Equity ratio after acquisition: 100%

(6) Contents of the condition clause for the acquisition cost under an acquisition agreement and its accounting method hereafter

DSP will make an upfront payment of US\$200 million on closing of the acquisition of its shares, and thereafter it will make development milestone payments up to US\$540 million related to the compounds (BBI608 and BBI503) currently being developed by BBI. Furthermore, after the launch, DSP will also make milestone payments up to US\$1,890 million, based on the achievement of various net sales targets with the last milestone being paid upon net sales of greater than US\$4 billion in any fiscal year. If additional payment for the acquisition cost occurs as mentioned above, the acquisition cost is revised assuming that the additional payment had been made at the time of acquisition and the Company revises the amount of goodwill and the amortization of goodwill.

(7) Method by which funds for payment procured

Own funds

7. Other notes

(1) Additional information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

From accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year, the Company applies "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections"

(ASBJ Guidance No.24, December 4, 2009).

(2) Accounting for notes maturing on the settlement date

Notes that reach maturity on the settlement date are settled as of the conversion date of the notes. The following notes that mature on the settlement date will be included in the accounts of this consolidated fiscal year because the final date of this consolidated fiscal year was a bank holiday.

Notes receivable	469 millions of yen
Notes payable	65 millions of yen

(3) Impairment losses

Among the fixed assets owned by the DSP Group, business assets are grouped by segment, with individual assets constituting the smallest grouping unit for idle assets, patents, and other such assets.

In this consolidated fiscal year, the Group posted impairment losses with respect to the following assets:

Use	Type	Location	Amount
Exclusive rights with respect to pharmaceuticals	Patents	United States	2,337 million yen

The recoverability of patents deemed to be lacking in future profitability was assessed, and a part of their unamortized balance has been posted as impairment losses.

Non-Consolidated Balance Sheet

(As of March 31, 2012)

(millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	209,545	Current liabilities	50,818
Cash and time deposits	5,460	Accounts payable	9,374
Notes receivable	257	Current portion of long-term loans payable	10,000
Accounts receivable	66,532	Other accounts payable	16,290
Marketable securities	42,600	Accrued expenses	1,624
Merchandise and finished goods	34,378	Income taxes payable	4,845
Work-in-process	2,492	Advances received	927
Raw materials and supplies	11,423	Deposits received	324
Advance payments	1,148	Reserve for bonuses	6,934
Other accounts receivable	2,766	Reserve for sales returns	55
Deferred tax assets	16,823	Reserve for sales rebates	441
Short-term loans to affiliates	25,740		
Others	18	Long-term liabilities	131,564
Allowance for doubtful receivables	(96)	Bonds payable	70,000
		Long-term loans payable	48,000
Fixed assets	339,872	Long-term other accounts payable	120
Property, plant and equipment	59,089	Long-term deposits received	2,759
Buildings	35,145	Liability for retirement benefits	10,684
Structures	943		
Machinery and equipment	8,556	Total liabilities	182,383
Carriers	18		
Tools, furniture, and fixtures	3,079	Net assets	
Land	9,947	Shareholders' equity	359,149
Construction in progress	1,399	Common stock	22,400
		Capital surplus	15,860
Intangible assets	3,457	Legal capital surplus	15,860
Software	2,325	Retained earnings	321,538
Sales rights	483	Legal retained earnings	5,288
Others	648	Other retained earnings	316,250
		Reserve for advanced depreciation	1,580
Investments and other assets	277,325	of fixed assets	
Investment securities	28,167	General reserve	275,510
Investments in affiliates	236,846	Retained earnings carried forward	39,160
Amount invested in capital of	3,347	Treasury stock	(649)
affiliates			
Long-term prepaid expenses	3,107	Valuation, translation adjustments and others	7,885
Deferred tax assets	523	Unrealized gains on available-for-sale	7,855
Others	5,384	securities, net of tax	
Allowance for doubtful receivables	(51)		
		Total net assets	367,035
Total assets	549,418	Total liabilities and net assets	549,418

Note: All amounts are rounded down to the nearest million yen.

Non-Consolidated Statement of Income

(April 1, 2011 to March 31, 2012)

(millions of yen)

Item	Amount	
Net sales		203,460
Cost of sales		58,652
Gross profit		144,807
Provision for reserve for sales returns		11
Gross profit-net		144,795
Selling, general and administrative expenses		108,458
Operating income		36,336
Non-operating income		
Interest and dividend income	1,372	
Others	886	2,258
Non-operating expenses		
Interest expense	1,071	
Contribution	1,581	
Loss on disposal of fixed assets	137	
Others	620	3,410
Ordinary Income		35,184
Extraordinary income		
Gain on sales of fixed assets	1,237	1,237
Extraordinary loss		
Loss on valuation of investment securities	223	223
Income before income taxes		36,198
Income taxes-current	10,739	
Income taxes-deferred	3,401	14,140
Net Income		22,058

Note: All amounts are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

(millions of yen)

	Shareholders' equity								Treasury stock	Total shareholders' equity
	Common stock	Capital surplus	Retained earnings					Total retained earnings		
		Legal capital surplus	Legal retained earnings	Other retained earnings						
				Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward				
Balance as of March 31, 2011	22,400	15,860	5,288	923	275,510	24,911	306,632	(648)	344,244	
Changes during the fiscal year										
Cash dividends						(7,151)	(7,151)		(7,151)	
Provision for reserve for advanced depreciation of fixed assets				702		(702)	—		—	
Reversal of reserve for advanced depreciation of fixed assets				(45)		45	—		—	
Net Income						22,058	22,058		22,058	
Purchases of treasury stock								(1)	(1)	
Sales of treasury stock						(0)	(0)	0	0	
Changes in items other than shareholders' equity (net)										
Total changes during the fiscal year	—	—	—	657	—	14,249	14,906	(1)	14,905	
Balance as of March 31, 2012	22,400	15,860	5,288	1,580	275,510	39,160	321,538	(649)	359,149	

	Valuation, translation adjustments and others		Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, translation adjustments and others	
Balance as of March 31, 2011	5,177	5,177	349,421
Changes during the fiscal year			
Cash dividends			(7,151)
Provision for reserve for advanced depreciation of fixed assets			—
Reversal of reserve for advanced depreciation of fixed assets			—
Net Income			22,058
Purchases of treasury stock			(1)
Sales of treasury stock			0
Changes in items other than shareholders' equity (net)	2,707	2,707	2,707
Total changes during the fiscal year	2,707	2,707	17,613
Balance as of March 31, 2012	7,885	7,885	367,035

Note: All amounts are rounded down to the nearest million yen.

(5) Significant hedge accounting method

(i) Hedge accounting

The Company uses the deferred hedge accounting method. Foreign exchange forward contracts are accounted for by recognizing gains and losses on foreign monetary rights or obligations, preset prices, when the contracts conditions are satisfied.

(ii) Hedging instruments and hedged items

• Hedging instruments

Foreign exchange forward contracts

• Hedged items

Monetary assets and liabilities denominated in foreign currencies and monetary assets and liabilities specifically related to anticipated transactions, denominated in foreign currencies, which are covered by an agreement.

(iii) Hedge policy

Foreign exchange forward contract are conducted pursuant to internal rules and regulations in order to hedge foreign currency risks.

(iv) Method of evaluating the effectiveness of hedges

The effectiveness has been evaluated by comparing the accumulated changes in market value of hedged items with the accumulated changes in market value of hedging instruments. With regard to foreign exchange forward contracts, the effectiveness of such contracts has not been evaluated as important conditions for hedged items and hedging instruments are the same.

(6) Other significant accounting policies for the non-consolidated financial statements

Accounting for consumption taxes

All financial statement items are net of consumption taxes.

2. Notes to the Non-Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 137,898 million yen

Accumulated depreciation of tangible fixed assets is included in accumulated impairment losses.

(2) Liabilities on guarantees

Debt guarantees covering amounts borrowed by our employees from financial institutions have been extended as follows:

167 million yen

(3) Monetary claims and liabilities to affiliated companies

Short-term monetary claims 26,805 million yen

Short-term monetary liabilities 6,446 million yen

3. Notes pertaining to the Income Statement

Amounts of transactions with affiliated companies

Transaction amounts based on operating transactions

Net sales 6,628 million yen

Amount of goods purchased 7,785 million yen

Other operating transactions 10,133 million yen

Non-operating transactions 1,163 million yen

4. Notes to tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by main cause of occurrence

Deferred tax assets	
Reserve for bonuses	2,632 million yen
Reserve for sales rebates	168 million yen
Accrued enterprise taxes	477 million yen
Liabilities for retirement benefits	2,553 million yen
Loss on valuation of investment securities	600 million yen
Research and development costs	10,363 million yen
Inventories	1,932 million yen
Stocks of subsidiaries and affiliates	
[Stocks of succeeding company associated with corporate separation]	2,501 million yen
Others	<u>4,402 million yen</u>
Subtotal of deferred tax assets	25,628 million yen
Valuation allowance	<u>(3,255 million yen)</u>
Total deferred tax assets	22,373 million yen
Deferred tax liabilities	
Unrealized gains on available-for-sale securities	(4,143 million yen)
Reserve for advanced depreciation of fixed assets	<u>(883 million yen)</u>
Total deferred tax liabilities	<u>(5,026 million yen)</u>
Net amount of deferred tax assets	<u>17,346 million yen</u>

(2) Reconciliation of effective tax rate

Statutory tax rate	40.6%
(Adjustments)	
Entertainment expenses and other items that are excluded from nontaxable expenses	3.7%
Dividend income and other items that are excluded from taxable income	(1.1%)
Tax credit for R&D expenses	(8.8%)
Adjustment on deferred tax assets due to change in income tax rate	4.9%
Residence tax on per-capita basis	0.3%
Change in valuation allowance	(0.1%)
Others	<u>(0.4%)</u>
Actual effective tax rate	<u>39.1%</u>

(3) Changes in amounts of deferred tax assets and deferred tax liabilities due to the corporation tax rate changes

According to the promulgation on December 2, 2011, of The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure, and The Act on Special Measures for Securing the Financial Resources to Implement the Restoration from the Great East Japan Earthquake, for fiscal years beginning on or after April 1, 2012, the effective tax rate used for calculation of deferred tax assets and deferred tax liabilities has been changed from the previous 40.6% to 38.0% for temporary differences expected to be eliminated during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April, 2014 and to 35.6% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015.

As a result, the amount of deferred tax assets (net of the amount of deferred tax liabilities) decreased by 1,170

million yen, income taxes-deferred posted in this fiscal year increased by 1,761 million yen, and valuation difference on available-for-sale securities increased by 590 million yen.

5. Notes to fixed assets to be used under lease

(1) Acquisition costs of leased properties as of the end of the current fiscal year	224 million yen
(2) Accumulated depreciation of leased properties as of the end of the current fiscal year	196 million yen
(3) Future lease payments obligation as of the end of the current fiscal year	27 million yen

6. Notes to transactions with affiliated parties

Parent company and main corporate shareholders

Type	Name of company	Ratio of voting rights (or ownership)	Relationship with affiliated party	Description of transaction(s)	Amount of transaction(s)	Item	End-of-term balance
Parent company	Sumitomo Chemical Co., Ltd.	Direct ownership: 50.22%	<ul style="list-style-type: none"> • Supplier of raw materials • Leasing land, etc. • Purchasing plant utilities, etc. • Lending funds 	Lending funds	25,000 million yen	Short-term loans to affiliates	25,000 million yen

Transaction terms and policies for determining transaction terms, etc.

Note: With respect to the lending of funds, a reasonable rate of interest is determined, by considering the market rate of interest.

7. Notes to Non-Consolidated Statement of Changes in Net Assets

Type and total number of Company's shares (treasury stock) as of the end of the current consolidated fiscal year

Common Stock	588,699 shares
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8. Notes to per share information

(1) Net assets per share	923.80 yen
(2) Net income per share	55.52 yen

9. Significant subsequent event

Acquisition of a company by way of the acquisition of shares

On February 29, 2012, we reached an agreement with Boston Biomedical, Inc. of the United States (hereinafter referred to as "BBI") on our acquisition of BBI. Pursuant to said agreement, we acquired the relevant shares on April 24, 2012 (U.S. time), whereupon BBI became a fully owned subsidiary of our company.

(1) Purpose of acquisition

BBI is a biotechnology company focusing on the oncology area and possesses two highly promising products in their pipeline called BBI608 and BBI503, which are small molecular oral drugs created by BBI with the aim to cause an antitumor effect in cancer stem cells. Anticancer drugs targeting cancer stem cells are considered to be effective against refractory, recurrent and metastatic cases, which are the main challenges in current cancer treatment, and BBI608 and BBI503 are likely to become the first anticancer drugs in the world targeting cancer stem cells.

After execution of the option agreement with BBI, DSP recognized BBI's innovative development pipeline and its excellent ability of drug discovery/development, which led to DSP's decision to acquire BBI.

Acquisition of BBI is not only an acquisition of an innovative pipeline in the oncology area, it also represents obtaining an excellent drug discovery/development platform with the capabilities of BBI, enabling us to continuously create candidate compounds likely to advance into later development stages. Subsequently we intend to establish our R&D base in the US to expand our presence in cancer treatment globally. We are aiming to make the oncology area one of our future focus therapeutic areas next to the CNS area.

(2) Name of the parties from whom shares acquired

Shareholders of BBI and BBI itself

(3) Name of acquired company and the description and size of operations undertaken thereby

Name: Boston Biomedical, Inc.

Description of business: Biotechnology company focusing on R&D in the cancer stem cell area.

Size: Amount of net assets: 11 million US dollars

Amount of total assets: 4 million US dollars (As of March 31, 2012)

(4) Date on which shares acquired

April 24, 2012 (U.S. time)

(5) Acquisition price and equity ratio after acquisition

Consideration for acquisition: 200 million US dollars (excluding incidental costs)

Equity ratio after acquisition: 100%

(6) Contents of the condition clause for the acquisition cost under an acquisition agreement and its accounting method hereafter

DSP will make an upfront payment of US\$200 million on closing of the acquisition of its shares, and thereafter it will make development milestone payments up to US\$540 million related to the compounds (BBI608 and BBI503) currently being developed by BBI. Furthermore, after the launch, DSP will also make milestone payments up to US\$1,890 million, based on the achievement of various net sales targets with the last milestone being paid upon net sales of greater than US\$4 billion in any fiscal year. If additional payment for the acquisition cost occurs as mentioned above, the acquisition cost is revised assuming that the additional payment had been made at the time of acquisition and the Company revises the amount of goodwill and the amortization of goodwill.

(7) Method by which funds for payment procured

Own funds

10. Other notes

(1) Additional information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

From accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year, the Company applies “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009).

(2) Accounting for notes maturing on the settlement date

Notes that reach maturity on the settlement date are settled as of the conversion date of the notes. The following notes that mature on the settlement date will be included in the accounts of this fiscal year because the final date of this fiscal year was a bank holiday.

Notes receivable

1 millions of yen

Independent Auditor's Report

May 8, 2012

The Board of Directors
Dainippon Sumitomo Pharma Co., Ltd.

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenryo Goto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takaharu Higashiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Dainippon Sumitomo Pharma Co., Ltd. (the "Company") as at March 31, 2012 and for the year from April 1, 2011 to March 31, 2012 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, as described in significant subsequent event of the notes to consolidated financial statement, the Company acquired Boston Biomedical, Inc. on April 24, 2012 which became a wholly-owned subsidiary.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 8, 2012

The Board of Directors
Dainippon Sumitomo Pharma Co., Ltd.

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenryo Goto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takaharu Higashiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Dainippon Sumitomo Pharma Co., Ltd. (the "Company") as at March 31, 2012 and for the year from April 1, 2011 to March 31, 2012 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, as described in significant subsequent event of the notes to Non-consolidated financial statement, the Company acquired Boston Biomedical, Inc. on April 24, 2012 which became a wholly-owned subsidiary.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report

The Board of the Corporate Auditors prepared and reported this audit report with regards to the performance of duties of Directors of the Company for the 192nd fiscal year from April 1, 2011, to March 31, 2012, as a consensus opinion by all Corporate Auditors upon deliberation, based on the audit reports prepared by each Corporate Auditors and hereby reports as follows:

1. Auditing Method conducted by Corporate Auditors and the Board of Corporate Auditors and details thereof

The Board of Corporate Auditors established the audit policies, assignment of duties, and other matters for this fiscal year, and received reports from each Corporate Auditors on the status of implementation of their audits and results thereof. In addition, the Board of Corporate Auditors received reports from Directors and Accounting Auditor on the status of the performance of their duties, and requested explanations as necessary.

In conformity with Corporate Auditors auditing standards established by the Board of Corporate Auditors, and in accordance with the audit policies, assignment of duties, each Corporate Auditor endeavored to communicate with Directors and other employees including those at the internal auditing division, endeavored to collect information and maintain and improve the audit environment, has attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees on the status of the performance of their duties, requested explanations as necessary, examined important approval documents, and inspected the status of the corporate affairs and assets at the head office and other principal offices. Also, with regard to the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties on the business reports complied with all laws, regulations and the Articles of Incorporation of the company and other systems for ensuring the appropriateness of the corporate affairs, and the systems (internal control systems) based on such resolutions, we received reports from Directors and employees on the status of their construction and implementation, requested explanations as necessary and expressed our opinion. For subsidiaries, we endeavored to facilitate a mutual understanding and exchanged information with the Directors and Corporate Auditors of each subsidiary and received from subsidiaries reports on their respective business as necessary. We thus examined the business reports and supporting schedules for the fiscal year in accordance with the above method.

In addition, we examined whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties and requested explanations as necessary. We were notified by the Accounting Auditor that a system to ensure that performance of the duties of the Accounting Auditor was properly conducted had been established in accordance with Quality Control Standards for Audits, we requested explanations as necessary. We examined the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and supporting schedules for the fiscal year, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets, and Notes to Consolidated Financial Statements) in accordance with the above method.

2. Results of audit

(1) Results of audit of business reports and other documents

- ① We confirm that the business reports and supporting schedules accurately represent the position of the Company according to the law and the Articles of Incorporation.
- ② We have not found any improper conduct or any material evidence of violations of the law or any articles of incorporation in relation to the performance of duties by Directors.
- ③ We confirm that the resolutions adopted by the Board of Directors with respect to our internal control system are reasonable. In addition, we have not found any matters that should be noted regarding the contents of the business reports and the performance of duties by Directors in relation to the internal control system.

(2) Results of audit of financial statements and supporting schedules

We confirm that the method used by KPMG AZSA LLC, Accounting Auditor of the Company, for this audit and the results thereof are reasonable.

(3) Results of audit of consolidated financial statements

We confirm that the method used by KPMG AZSA LLC, Accounting Auditor of the Company, for this audit and the results thereof are reasonable.

May 9, 2012

Board of Corporate Auditors, Dainippon Sumitomo Pharma Co., Ltd.

Ikuo Hino, Corporate Auditor (full-time) (seal)

Nobuo Takeda, Corporate Auditor (full-time) (seal)

Masahiro Kondo, Corporate Auditor (seal)

Harumichi Uchida, Corporate Auditor (seal)

Hidehiko Sato, Corporate Auditor (seal)

Note: Auditors Masahiro Kondo, Harumichi Uchida, and Hidehiko Sato are Outside Corporate Auditors.

Reference Documents for the Shareholders' Meeting

Proposals and Matters for Reference:

First Proposal: Appropriation of Surplus

The allocation of the Company's profits in a customarily appropriate manner to its shareholders is one of the Company's fundamental management policies.

In addition to stressing the distribution of surplus in a manner that reflects the Company's performance, the Company intends to make decisions on distribution from a comprehensive standpoint, while actively investing in its future growth, ensuring a solid management base and enhancing its financial condition to further increase its enterprise value. The Company believes that it is important to allocate profits to its shareholders in a consistent manner.

Based on such policy, and in view of the financial condition and business outcome of the closed fiscal year, as well as certain future business plans to be implemented, we hereby propose to appropriate the surplus at the end of the 192nd fiscal year as follows.

1. Matters related to the year-end dividend
 - (1) Category of property for distribution:

Money
 - (2) Matters related to the allocation of the property for distribution to the shareholders, and the aggregate amount of the dividend:

Nine (9) yen per share of common stock of the Company (3,575,803,095 yen in aggregate)

Therefore, the annual dividend, including the interim dividend, shall be eighteen (18) yen per share.
 - (3) The date on which the said distribution of surplus will take effect:

June 25, 2012

Second Proposal: Election of Seven (7) Directors

The term of office of all the current Directors (8 persons) of the Company will expire upon the conclusion of this Shareholders' Meeting.

Therefore, we would like you to elect seven (7) Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently	Number of Shares of the Company Owned
1	Masayo Tada (Jan. 13, 1945)	<p>April 1968: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 1998: Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2002: Managing Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2003: Retired from the position of Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2003: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>January 2005: Retired from the position of Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>January 2005: Managing Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>January 2005: In charge of the Merger Promotion Office of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2005: Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Member of the Board of Directors and Vice President of the Company</p> <p>October 2005: In charge of Merger Promotion and Purchasing; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p> <p>June 2006: In charge of Mid-term Corporate Plan Development; Assistant to the Executive Director of the Sales and Marketing Division; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p>	81,500 shares

		<p>April 2007: Assistant to the Executive Director of the Sales and Marketing Division; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p> <p>June 2007: Member of the Board of Directors and Executive Vice President of the Company</p> <p>June 2007: In charge of Corporate Planning, International Business Management, and the Sales and Marketing Division of the Company</p> <p>June 2008: Representative Director, President and Chief Executive Officer of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently] Member of the Board of Directors of Sunovion Pharmaceuticals Inc. Member of the Board of Directors of Boston Biomedical, Inc.</p>	
2	Hiroshi Noguchi (Mar. 29, 1947)	<p>April 1971: Joined Sumitomo Chemical Co., Ltd.</p> <p>September 1992: Retired from Sumitomo Chemical Co., Ltd.</p> <p>October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2000: Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2000: In charge of Business Planning and Promotion of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2002: In charge of Corporate Planning (Licensing, Business Promotion, Technology) / Quality Management / Environmental Management of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2004: Director and Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2004: In charge of Quality Management / Medical Information / Environmental</p>	37,300 shares

		<p>Management of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2005: Retired from the position of Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Executive Officer of the Company</p> <p>October 2005: Executive Director of the Technology Research and Development Center of the Company</p> <p>June 2007: Member of the Board of Directors and Executive Officer of the Company</p> <p>June 2007: Executive Director of the Technology Research and Development Center; and in charge of the Licensing Division of the Company</p> <p>June 2008: Executive Director of the Manufacturing Division; and in charge of the Technology Research and Development Division of the Company</p> <p>June 2009: Member of the Board of Directors, and Senior Executive Officer of the Company</p> <p>June 2010: Executive Director of the Strategic Planning and Business Development Division; and in charge of Corporate Planning of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Vice President of the Company</p> <p>June 2011: Executive Director of the Strategic Planning and Business Development Division; and in charge of the Global Oncology Business Development Office</p> <p>April 2012: Representative Director and Senior Executive Vice President of the Company (up to the present)</p> <p>April 2012: In charge of Business Development, the Global R&D Office, Global Project Management, and the Global Oncology Business Development</p>	
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		<p>Office (up to the present)</p> <p>[Significant Positions Held Concurrently]</p> <p>Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p> <p>Member of the Board of Directors of Boston Biomedical, Inc.</p>	
3	Makoto Hara (Mar.15, 1951)	<p>April 1974: Joined Sumitomo Chemical Co., Ltd.</p> <p>April 1999: General Manager of the Corporate Planning Office of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>August 1999: General Manager of the Corporate Planning Office of the former Sumitomo Pharmaceuticals Co., Ltd.; and General Manager of the Pharmaceuticals Business Planning and Coordination Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2003: General Manager of the Planning and Coordination Office - Petrochemicals and Plastics Sector of Sumitomo Chemical Co., Ltd</p> <p>June 2005: Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>June 2005: In charge of the Corporate Planning and Coordination Office, and the Finance and Accounting Office; and General Manager of the Finance and</p>	14,300 shares

		<p>Accounting Office (Finance and Accounting) of Sumitomo Chemical Co., Ltd.</p> <p>June 2007: In charge of the Corporate Planning and Coordination Office, and the New Business Development Office; and General Manager of the New Business Development Office of Sumitomo Chemical Co., Ltd.</p> <p>December 2007: In charge of the Corporate Planning and Coordination Office, and the New Business Development Office of Sumitomo Chemical Co., Ltd.</p> <p>March 2008: In charge of the Corporate Planning and Coordination Office, the New Business Development Office, the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2008: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2010: In charge of the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2010: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>August 2010: Retired from the position of Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>September 2010: Senior Executive Officer of the Company</p> <p>September 2010: Executive Director of the Global Business Division of the Company</p> <p>June 2011: Member of the Board of Directors and Senior Executive Officer of the Company</p> <p>June 2011: Executive Director of the Global Business Division; and in charge of</p>	
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		<p>Corporate Planning, Finance and Accounting and the Business Support Center of the Company</p> <p>April 2012: Member of the Board of Directors and Executive Vice President of the Company (up to the present)</p> <p>April 2012: In charge of Global Corporate Management, Global Strategy, Legal Affairs, Finance and Accounting, the Business Support Center and Global Sales and Marketing of the Company (up to the present)</p> <p>[Significant Position Held Concurrently] Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p>	
4	Yoshihiro Okada (Nov. 7, 1952)	<p>April 1975: Joined the Company</p> <p>June 2001: Head of the London Office of the Company</p> <p>June 2003: Director of Development Management of the Company</p> <p>October 2005: Director of Clinical Development I of the Company</p> <p>June 2007: Deputy Executive Director of the Drug Development Division of the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2008: Executive Director of the Drug Development Division of the Company</p> <p>June 2010: Member of the Board of Directors and Executive Officer of the Company (up to the present)</p> <p>June 2011: Executive Director of the Manufacturing Division; and in charge of the Technology Research and Development Division of the Company (up to the present)</p> <p>[Significant Position Held Concurrently] Member of the Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.</p>	23,400 shares

5	Masaru Ishidahara (Nov. 25, 1951)	<p>April 1976: Joined The Sumitomo Bank, Limited (presently Sumitomo Mitsui Banking Corporation)</p> <p>October 1999: General Manager of the Itachibori Corporate Business Office of The Sumitomo Bank, Limited</p> <p>June 2003: Retired from The Sumitomo Bank, Limited</p> <p>July 2003: Joined the Company</p> <p>June 2006: Director of General Affairs of the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2008: Director of Personnel; and in charge of Career Development Support of the Company</p> <p>June 2010: Director of Personnel; and in charge of Career Development Support, and Procurement of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Officer of the Company (up to the present)</p> <p>April 2012: In charge of Corporate Communications, Environment and Safety, Personnel, General Affairs, Procurement and Osaka Administration of the Company (up to the present)</p>	9,600 shares
6	Tetsuya Oida (Feb. 12, 1954)	<p>April 1980: Joined the Company</p> <p>June 2001: General Manager of the International Clinical Development Department of the Company</p> <p>June 2003: General Manager of the Corporate Planning Office of the Company</p> <p>June 2004: Director and Executive Officer of the Company</p> <p>June 2004: General Manager of the Corporate Planning Office; and in charge of Public Relations of the Company</p> <p>December 2004: General Manager of the Corporate Planning Office; General Manager of the Merger Promotion Office; and in charge of Public</p>	12,900 shares

		<p>Relations of the Company</p> <p>June 2005: Director of Corporate Planning; Director of the Merger Promotion Office; and in charge of Public Relations of the Company</p> <p>October 2005: Director of Corporate Planning of the Company</p> <p>June 2006: Director of Corporate Planning; and in charge of Portfolio and Product Strategy Planning, and Licensing of the Company</p> <p>June 2007: Executive Director of the Non-Pharmaceutical Operations Division; Director of Animal Health Products; and in charge of Information Systems, and Quality Assurance (Non-Pharmaceutical Products) of the Company</p> <p>October 2007: Executive Director of the Non-Pharmaceutical Operations Division; Director of Animal Health Products; and in charge of Information Systems of the Company</p> <p>June 2008: Member of the Board of Directors, and Senior Executive Officer of the Company</p> <p>June 2008: Executive Director of the Non-Pharmaceutical Operations Division; and in charge of Purchasing for the Company</p> <p>June 2008: Member of the Board of Directors of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently]</p> <p>Representative Director and President of DSP Gokyo Food and Chemical Co., Ltd</p> <p>Representative Director and Chairman of Sanno Foods Co., Ltd.</p>	
7	Hiroshi Nomura (Aug. 31, 1957)	<p>April 1981: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 2004: General Manager of the Finance and Accounting Department of the former Sumitomo Pharmaceuticals Co., Ltd.</p>	1,900 shares

		<p>October 2005: Director of Finance and Accounting of the Company</p> <p>June 2007: Director of Corporate Planning of the Company</p> <p>December 2007: Retired from Sumitomo Chemical Co., Ltd.</p> <p>January 2008: Joined the Company</p> <p>June 2008: Executive Officer of the Company (up to the present)</p> <p>June 2008: Director of Corporate Planning; and in charge of Finance and Accounting, and Information Systems Planning of the Company</p> <p>June 2009: In charge of Corporate Planning, Finance and Accounting, and Information Systems Planning of the Company</p> <p>November 2009: Director of International Business Strategic Planning and Management; and in charge of Finance and Accounting, and Information Systems Planning of the Company</p> <p>January 2010: Director of International Business Strategic Planning and Management; and in charge of Finance and Accounting, Information Systems Planning, and the Business Support Center of the Company</p> <p>September 2010: Director of Global Business Planning and Development; and in charge of Finance and Accounting, Information Systems Planning, and the Business Support Center of the Company</p> <p>June 2011: Deputy Executive Director of the Sales and Marketing Division; and in charge of External Affairs of the Company</p> <p>February 2012: Sunovion Pharmaceuticals Inc. (up to the present)</p>	
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		[Significant Positions Held Concurrently] Member of the Board of Directors of Sunovion Pharmaceuticals Inc. Member of the Board of Directors of Boston Biomedical, Inc.	
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- (Note) 1. None of the above candidates has any special interest in the Company.
2. The positions and responsibilities in the parent company, etc., for the past five (5) years, of Makoto Hara, are as described in the “Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently”.

Third Proposal: Election of One (1) Corporate Auditor

The term of office of the Corporate Auditor, Ikuo Hino, will expire upon the conclusion of this Shareholders' Meeting.

Therefore, we would like you to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has already approved this proposal.

The candidate for Corporate Auditor is as follows.

Name (Date of birth)	Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently	Number of Shares of the Company Owned
Ikuo Hino (Apr. 4, 1949)	April 1972: Joined the Company June 2003: Director of Auditing of the Company June 2005: Director of Internal Auditing of the Company June 2008: Full-Time Corporate Auditor of the Company (up to the present) [Significant Position Held Concurrently] Corporate Auditor of DS Pharma Animal Health Co., Ltd.	13,600 shares

(Note) The above candidate has no special interest in the Company.

END

[Instructions for Voting by Electromagnetic Methods (the Internet, etc.)]

**Please be reminded that the online voting website and phone inquiries services are available only in Japanese.*

1. To Shareholders Who Will Use the Internet

Please note the following matters if you chose to exercise your voting rights via the Internet.

- (1) Online voting is possible only by accessing the following online voting website designated by the Company. This website is available through the Internet via cellular phone also.

[Online voting website URL] <http://www.webdk.net>

***You may also access the online voting website by scanning the two-dimensional code on the right if your cellular phone is equipped with a barcode reader. For more detailed instructions on this procedure, please refer to the user manual of your cellular phone.**

2D
Code

- (2) When you vote online, please enter the “voting code” and the “password” provided in the enclosed voting form, and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (3) Online votes will be accepted until 5:00 p.m., Thursday, June 21, 2012 (JST), the day immediately prior to the date of the Annual Shareholders’ Meeting. However, your early voting would be highly appreciated for the convenience of vote counting.
- (4) In the event that a voting right is exercised twice via the enclosed voting form and online, only the online vote shall be counted as an effective vote.
- (5) In the event that a voting right is exercised online more than once, only the most recent vote shall be counted as an effective vote.
- (6) Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.
- (7) The following system environments are required for accessing the online voting website:
- (i) Internet access;
 - (ii) When voting via PC, either Microsoft® Internet Explorer version 6.0 or above as the Internet browsing software (browser), and a hardware environment that enables the use of the relevant browser; and
 - (iii) When voting via cellular phone, a handset model that supports 128-bit SSL communication (encrypted communication). (To ensure security, only cellular phones that support 128-bit SSL communication may access the online voting website. Some models do not support this system. Additionally, although voting via smart phones and other cellular phones with full browser functionality is also supported, please note that some models may not be compatible with this system.)
(Microsoft is a registered trademark of Microsoft Corporation in the United States and other countries.)
- (8) If you have any question related to online voting, please contact the following for inquiry services.

Shareholder Registry Administrator:

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited.

[Special Phone Line] ☎ 0120-186-417

(9:00 a.m. to 9:00 p.m. (JST), toll-free within Japan)

2. Electronic Voting Platform for Institutional Investors

In addition to the aforementioned online voting method, nominee shareholders (including any standing proxy) such as trust banks who have registered beforehand for the use of the electronic voting platform operated by ICJ, Inc., a joint venture established by the Tokyo Stock Exchange, Inc., among others, may use the said platform as a means of exercising their voting rights by electromagnetic method for the Annual Shareholders' Meeting of the Company.

End