Securities Code: 4506

Supplementary Interim Financial Data for the Year Ending－ March 31, 2007

November 8, 2006

Dainippon Sumitomo Pharma Co., Ltd.

- Forecasts provided in this document are based on the management's assumptions and beliefs, made in light of information available up to the day of announcement. Actual financial results may differ materially from those presented in this document, being dependent upon a number of factors.
- All values are rounded. Therefore totals may not be consistent with aggregated figures.
- Figures for the September 2005 interim period are the former Dainippon Pharmaceutical figures. For figures shown as "simple totals", the simple totals of the former Sumitomo Pharmaceutical figures for the September 2005 period were used for the September 2005 interim period and the March 2006 period.

I. Consolidated Financial Highlights

1. Highlights of the Statements of Income (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change (%)	Year ended 3/31/06	Year ending 3/31/07 (Forecast)	Change (%)
Net sales	84.7	126.9	49.8	245.8	260.0	5.8
Cost of sales	49.6	48.1	(3.1)	130.4	100.0	(23.3)
Selling, general and administrative expenses	26.2	58.4	123.3	86.5	118.0	36.5
[R&D expenditures]	[7.8]	[20.7]	[164.8]	[29.6]	[42.0]	[41.7]
Operating income	9.0	20.5	127.7	28.9	42.0	45.4
Recurring income	8.5	19.6	130.8	27.2	40.5	48.7
Net income	4.0	9.5	137.1	15.4	22.0	43.1

＊ Cost of Sales includes transfer (reversal) reserve for sales returns.

Net income per common share (yen)	54.57	55.34
Return on equity (ROE)	7.3%	7.4%

(Reference) Comparison of simple totals (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change (%)	Year ended 3/31/06	Year ending 3/31/07 (Forecast)	Change (%)
Net sales	157.2	126.9	(19.2)	318.2	260.0	(18.3)
Cost of Sales	71.3	48.1	(32.5)	152.1	100.0	(34.3)
Selling, general and administrative expenses	61.1	58.4	(4.5)	121.4	118.0	(2.8)
[R&D expenditures]	[20.0]	[20.7]	[3.4]	[41.8]	[42.0]	[0.4]
Operating income	24.8	20.5	(17.4)	44.7	42.0	(6.0)
Recurring income	23.4	19.6	(16.6)	42.2	40.5	(4.0)
Net income	13.9	9.5	(31.8)	25.3	22.0	(12.9)

＊ Cost of Sales includes transfer (reversal) reserve for sales returns.

2. Highlights of the Balance Sheet (Billions of Yen)

	As of 9/30/05	As of 3/31/06 (A)	As of 9/30/06 (B)	(B) - (A)
Total assets	202.6	393.0	364.9	(28.1)
Net assets	141.2	288.6	295.1	6.4
Shareholders' equity	140.4	287.8	294.2	6.4
Shareholders' equity ratio	69.3%	73.2%	80.6%	

(Note) Past year's results have been rearranged in the current period display section.

3. Capital Expenditures and Depreciation (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change	Year ended 3/31/06	Year ending 3/31/07 (Forecast)
Capital expenditures (including intangible fixed assets)	1.8	5.0	3.2	6.6	12.0
Depreciation and amortization	2.2	5.5	3.2	8.6	12.0

- Major capital expenditure projects for the year ending March 31, 2007

Construction of a new solid preparation building at the Suzuka Plant:

¥200 million (total budget: ¥10 billion completed in October 2007)

Merger-related systems integration:

¥3.0 billion (total budget: ¥3.5 billion, for systems operating in April 2007)

4. Highlights of the Statements of Cash Flows (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change
Cash flows from operating activities	5.1	22.6	17.5
Cash flows from investing activities	0.4	(10.9)	(11.3)
Cash flows from financing activities	(1.1)	(4.6)	(3.4)
Cash and cash equivalents at end of period	42.6	78.4	35.8

II. Consolidated Statements of Income

1. Statements of Income (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change
Net sales	84.7	126.9	42.2
Cost of Sales	49.6	48.1	(1.5)
Gross profit	35.1	78.9	43.7
Selling, general and administrative expenses	26.2	58.4	32.2
[R&D expenditures]	[7.8]	[20.7]	[12.9]
Operating income	9.0	20.5	11.5
Non-operating income	0.6	1.1	0.5
Non-operating expense	1.2	2.0	0.8
Recurring income	8.5	19.6	11.1
Extraordinary income	0.8	—	(0.8)
Gains on transfer of the substitutional portion of the government pention program	0.8	—	(0.8)
Extraordinary expense	2.3	3.5	1.3
Additional retirement expenses for employees	—	2.9	2.9
Loss on reform of retirement benefits plan	—	0.6	0.6
Expenses related to merger	2.1	—	(2.1)
Loss on business restructuring	0.2	—	(0.2)
Income before income taxes and minority interests	7.0	16.0	9.0
Income taxes: Current	2.5	5.0	2.5
Income taxes: Deferred	0.5	1.5	1.0
Minority interests	0.0	0.0	(0.0)
Net income	4.0	9.5	5.5

- Scale of operations expanded following the merger

- Cost-to-sales ratio:
  58.5% (previous interim period) →
  37.9% (current interim period)

* Cost of Sales includes transfer (reversal) reserve for sales returns.

(Reference) Comparison of Simple Totals (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change
Net sales	157.2	126.9	(30.2)
Cost of Sales	71.3	48.1	(23.2)
Gross profit	85.9	78.9	(7.0)
Selling, general and administrative expenses	61.1	58.4	(2.7)
[R&D expenditures]	[20.0]	[20.7]	[0.7]
Operating income	24.8	20.5	(4.3)
Non-operating income	1.0	1.1	0.1
Non-operating expense	2.3	2.0	(0.3)
Recurring income	23.4	19.6	(3.9)
Extraordinary income	5.3	—	(5.3)
Gains on transfer of the substitutional portion of the government pention program	0.8	—	(0.8)
Gains on business transfers	4.5	—	(4.5)
Extraordinary expense	6.1	3.5	(2.6)
Additional retirement expenses for employees	0.6	2.9	2.3
Loss on reform of retirement benefits plan	—	0.6	0.6
Expenses related to merger	4.5	—	(4.5)
Loss on business restructuring	1.0	—	(1.0)
Income before income taxes and minority interests	22.6	16.0	(6.6)
Income taxes: Current	8.3	5.0	(3.3)
Income taxes: Deferred	0.4	1.5	1.1
Minority interests	0.0	0.0	(0.0)
Net income	13.9	9.5	(4.4)

- Dissolving partnerships (Abbott Japan, etc.)
- NHI drug price revision
- Decrease in industrial property revenues

- The product sales ratio was higher due to dissolving partnerships, etc.
  Cost-to-sales ratio: 45.4% (previous interim period) → 37.9% (current interim period)

- NHI drug price revision
- Decrease in industrial property revenues

- Reduced labor costs
- Reduced promotional costs, etc.

＊ Cost of Sales includes transfer (reversal) reserve for sales returns.

2. Segment Information (Billions of Yen)

	Six months ended 9/30/05			Six months ended 9/30/06			Year ended 3/31/06			Year ending 3/31/07 (Forecast)		
	Pharmaceuticals	Other Products	Total	Pharmaceuticals	Other Products	Total	Pharmaceuticals	Other Products	Total	Pharmaceuticals	Other Products	Total
Net sales	59.8	24.9	84.7	100.3	26.6	126.9	192.6	53.2	245.8	204.5	55.5	260.0
Operating income	8.4	0.6	9.0	19.8	0.7	20.5	27.7	1.1	28.9			

3. Sales of Major Products

Domestic Sales (Billions of Yen)

Brand name (Generic name) Therapeutic indication	Six months ended 9/30/05	Six months ended 9/30/06	Year ended 3/31/06	Year ending 3/31/07 (Forecast)
AMLODIN® (amlodipine) Therapeutic agent for hypertension and angina pectoris	28.1	**28.7**	56.8	58.0
GASMOTIN® (mosapride citrate) Gastroprokinetic	8.0	**8.9**	16.3	19.0
MEROPEN® (meropenem) Carbapenem antibiotic	7.0	**7.0**	14.1	14.5
PRORENAL® (limaprost alfadex) Vasodilator	6.1	**6.8**	12.6	14.5
EBASTEL® (ebastine) Antiallergic	4.7	**4.3**	11.3	11.0
SUMIFERON® (interferon-α NAMALWA)) Natural alpha interferon	3.0	**3.2**	6.0	6.5
GROWJECT® (somatropin) Growth hormone	2.4	**2.4**	4.9	5.0
GLIMICRON® (gliclazide) Oral hypoglycemic	2.4	**2.3**	4.7	4.5
DOPS® (droxidopa) Norepinephrine-activating neural function ameliorant	2.4	**2.3**	4.7	4.3
QVAR™ (beclomethasone dipropionate) Bronchial asthma	1.9	**2.3**	4.2	5.4
TAGAMET® (cimetidine) H_2-receptor antagonist	2.4	**2.0**	4.6	3.5
ALMARL® (arotinolol) Therapeutic agent for hypertension, angina pectoris and arrhythmia	1.9	**1.8**	3.7	3.3
EXCEGRAN® (zonisamide) Antiepileptic	1.8	**1.8**	3.6	3.5
LULLAN® (perospirone) Antipsychotic	1.5	**1.6**	3.0	3.3
SEDIEL® (tandospirone) Serotonin-agonist antianxiety drug	1.6	**1.5**	3.1	2.8
KLARICID® (clarithromycin) Macrolide antibiotic	8.1	—	19.0	—
ENSURE LIQUID® Enteral nutrition	7.1	—	13.8	—
SYNAGIS® (palivizumab) Monoclonal antibody	0.4	—	12.0	—
SEVOFRANE® (sevoflurane) Anesthetic	2.2	—	4.4	—
LOPEMIN® (loperamide hydrochloride) Antidiarrheal	1.5	—	3.1	—

Exports (Billions of Yen)

Brand name (Generic name) Therapeutic indication	Six months ended 9/30/05	Six months ended 9/30/06	Year ended 3/31/06	Year ending 3/31/07(Forecast)
MEROPENEM (meropenem trihydrate) Carbapenem antibiotic	8.0	7.9	12.9	14.4
MOSAPRIDE (mosapride citrate) Gastroprokinetic	0.5	0.6	0.9	1.3
ZONISAMIDE (zonisamide) Antiepileptic	1.3	0.4	2.4	0.8
Others	0.2	0.3	0.6	0.7
Export total (simple totals)	10.0	9.2	16.8	17.2

Industrial Property Revenues (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Year ended 3/31/06	Year ending 3/31/07(Forecast)
Industrial property revenues (simple totals)	7.4	2.4	8.5	4.1

4. Selling, General and Administrative Expenses

(Billions of Yen)

	Six months ended		Six months ended		Year ended		Year ending	
	9/30/05	% of net sales	9/30/06	% of net sales	3/31/06	% of net sales	3/31/07 (Forecast	% of net sales
Net sales	84.7	100.0	126.9	100.0	245.8	100.0	260.0	100.0
Labor costs	8.8	—	16.2	—	25.7	—		
Advertising and promotion costs	1.1	—	2.4	—	3.4	—		
Sales promotion costs	1.8	—	4.7	—	6.7	—		
Other costs	6.7	—	14.5	—	21.0	—		
Selling, general and administrative expenses less R&D expenditures	18.3	21.6	37.7	29.7	56.8	23.1	76.0	29.2
R&D expenditures	7.8	9.2	20.7	16.3	29.6	12.1	42.0	16.2
Selling, general and administrative expenses	26.2	30.9	58.4	46.0	86.5	35.2	118.0	45.4

(Reference) Simple Totals (Billions of Yen)

	Six months ended		Six months ended		Year ended		Year ending	
	9/30/05	% of net sales	9/30/06	% of net sales	3/31/06	% of net sales	3/31/07 (Forecast	% of net sales
Net sales	157.2	100.0	126.9	100.0	318.2	100.0	260.0	100.0
Selling, general and administrative expenses less R&D expenditures	41.1	26.2	37.7	29.7	79.6	25.0	76.0	29.2
R&D expenditures	20.0	12.7	20.7	16.3	41.8	13.1	42.0	16.2
Selling, general and administrative expenses	61.1	38.9	58.4	46.0	121.4	38.2	118.0	45.4

III. Consolidated Balance Sheet

ASSETS

(Billions of Yen)

	As of 9/30/05	As of 3/31/06 (A)	As of 9/30/06 (B)	(B) - (A)
[Assets]	202.6	393.0	364.9	(28.1)
Current assets:	129.5	249.7	219.3	(30.4)
Cash and time deposits	40.6	60.3	55.4	(4.9)
Notes and accounts receivable	57.3	114.5	81.1	(33.4)
Marketable securities	4.1	14.0	25.0	11.0
Inventories	19.2	44.1	43.4	(0.7)
Deferred tax assets	4.5	11.1	10.5	(0.6)
Others	3.9	5.8	4.0	(1.8)
Allowance for doubtful receivables	(0.1)	(0.1)	(0.2)	(0.1)
Fixed assets:	73.1	143.2	145.6	2.4
Property, plant and equipment	32.0	68.3	67.8	(0.5)
Buildings and structures	20.0	37.7	38.3	0.6
Machinery, equipment and carriers	5.3	14.1	12.6	(1.6)
Land	4.5	10.0	10.0	-
Construction in progress	0.1	1.6	2.1	0.5
Others	2.0	4.9	4.8	(0.1)
Intangible fixed assets	2.8	6.0	5.8	(0.1)
Investments and other assets	38.3	68.9	72.0	3.1
Investment securities	33.1	48.9	49.8	0.9
Deferred tax assets	0.0	0.4	0.0	(0.3)
Others	5.6	20.1	22.5	2.5
Allowance for doubtful receivables	(0.4)	(0.4)	(0.3)	0.1
Total assets	202.6	393.0	364.9	(28.1)

- Shorter payback period and effects of dissolution of distribution agreement with Abbott Japan, etc.

- Diversifying investments: Transferred to CPs and long-term deposits

	Six months ended 9/30/05	Year ended 3/31/06	Six months ended 9/30/06
Accounts receivable turnover period (in months)	4.06	4.27	3.84

LIABILITIES AND NET ASSETS

(Billions of Yen)

	As of 9/30/05	As of 3/31/06 (A)	As of 9/30/06 (B)	(B) - (A)
Total liabilities	61.4	104.3	69.8	(34.5)
Current liabilities:	45.0	80.1	50.9	(29.2)
Notes and accounts payable	28.4	38.7	15.5	(23.2)
Income taxes payable	2.6	8.4	6.7	(1.7)
Reserve for bonuses	3.9	8.1	7.3	(0.8)
Reserve for sales returns	0.1	0.1	0.1	0.0
Reserve for sales rebates	0.5	0.6	0.4	(0.2)
Others	9.4	24.2	20.9	(3.3)
Long-term liabilities:	16.5	24.3	19.0	(5.3)
Long-term debt	7.0	5.3	4.6	(0.7)
Deferred tax liabilities	3.1	-	0.4	0.4
Reserve for retirement benefits	5.3	14.1	8.0	(6.1)
Reserve for directors' retirement benefits	0.1	0.1	0.0	(0.0)
Others	1.1	4.8	5.9	1.1
Net assets	141.2	288.6	295.1	6.4
Shareholders' equity	129.7	270.4	277.0	6.6
Common stock	13.4	22.4	22.4	-
Capital surplus	15.9	15.9	15.9	0.0
Retained earnings	104.0	232.5	239.1	6.7
Treasury stock	(3.6)	(0.3)	(0.4)	(0.1)
Unrealized gains or losses and translation differences, etc.	10.7	17.3	17.2	(0.2)
Unrealized gains on available-for-sale securities	10.7	17.3	17.2	(0.2)
Minority interests	0.8	0.9	0.9	0.0
Total liabilities and net assets	202.6	393.0	364.9	(28.1)

- Effects of dissolution of distribution agreement with Abbott Japan, etc.

- Repayment of borrowings

(Note) Past year's results have been rearranged in the current period display section.

IV. Group-to-Parent Ratios, Consolidated Subsidiary, Numbers of Employees and MRs

1. Group-to-parent ratios for the six months ended 9/30/06

(Billions of Yen)

	Consolidated	Non-consolidated	Variance	Group-to-parent ratio
Net sales	126.9	120.4	6.5	1.05
Operating income	20.5	20.3	0.1	1.01
Recurring income	19.6	19.4	0.1	1.01
Net income	9.5	9.4	0.0	1.00

2. Consolidated subsidiary (as of 9/30/06)

	Establishment date	Paid-in capital	Ownership
Gokyo Trading Co., Ltd.	October 1947	¥100 million	52.48%

3. Number of employees (as of 9/30/06): 5,028 (consolidated); 4,951 (non-consolidated)

4. Number of MRs (as of 9/30/06): 1,530 (excluding managers); 1,760 (including managers)

V. Non-Consolidated Financial Highlights

1. Highlights of the Statements of Income (Billions of Yen)

	Six months ended 9/30/05	Six months ended 9/30/06	Change (%)	Year ended 3/31/06	Year ending 3/31/07 (Forecast)	Change (%)
Net sales	78.1	120.4	54.2	232.6	247.0	6.2
Cost of sales	43.8	42.4	(3.4)	119.0	88.7	(25.4)
Selling, general and administrative expenses	25.3	57.7	127.7	85.0	116.6	37.2
[R&D expenditures]	[7.8]	[20.7]	[164.0]	[29.7]	[42.0]	[41.6]
Operating income	8.9	20.3	128.8	28.6	41.7	45.8
Recurring income	8.4	19.4	130.7	27.0	40.2	48.7
Net income	4.1	9.4	133.1	15.4	21.9	42.3

＊ Cost of Sales includes transfer (reversal) reserve for sales returns.

Net income per common share (yen)	54.63	55.09
Return on equity (ROE)	7.4%	7.4%
Dividend payout	22.0%	25.4%

2. Highlights of the Balance Sheet (Billions of Yen)

	As of 9/30/05	As of 3/31/06 (A)	As of 9/30/06 (B)	(B) - (A)
Total assets	197.2	387.4	358.9	(28.6)
Net assets	139.3	286.9	293.2	6.4
Shareholders' equity	139.3	286.9	293.2	6.4
Shareholders' equity ratio	70.6%	74.0%	81.7%	

(Note) Past year's results have been rearranged in the current period display section.

VI. Shareholder Positioning (As of September 30, 2006)

1. Total number of authorized shares: 1,500,000,000

2. Total number of shares outstanding: 397,900,154

3. Number of shareholders: 15,094

4. Major shareholders:

Shareholders	Status of Ownership	
	Share ownership	Equity position
	000 shares	%
Sumitomo Chemical Co., Ltd.	199,434	50.12
Inabata & Co., Ltd.	33,282	8.36
The Master Trust Bank of Japan, Ltd (Trust account)	18,771	4.72
Japan Trustee Services Bank, Ltd. (Trust account)	11,127	2.80
Nippon Life Insurance Company	10,530	2.65
Japan Trustee Services Bank, Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000	1.76
JP Morgan Chase CREF Jasdec Lending Account	5,983	1.50
Sumitomo Life Insurance Company	5,776	1.45
Nissay Dowa General Ins.	4,928	1.24
Deutsche Securities Inc.	3,346	0.84

VII. Development Pipeline

Major Products under Development in Japan by DSP

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
NDA approved	SMP-536 Injection	agalsidase alfa	Fabry's disease	In-licensed from Shire Pharmaceuticals Group plc (formerly Transkaryotic Therapies Inc.)
NDA filed	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house
NDA filed New Indication	AD-810N Oral	zonisamide	Parkinson's disease	Developed in-house Approved indication: epilepsy (Trade name: EXCEGRAN®)
NDA filed New Admin. Route	EPHEDRINE NAGAI Injection	ephedrine hydrochloride	Developed for *i.v.* injection Hypotension during anesthesia	Approved administration route: subcutaneous dose Co-developed with 2 other companies

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase III	Oral	irbesartan	Hypertension	Originated by sanofi-aventis and sublicensed from Bristol-Myers K.K. for the Japanese market. Co-development with Shionogi for the Japanese market.
Phase III New Indication	SUMIFERON Injection	interferon-alfa (NAMALWA)	Compensated cirrhosis	In-licensed from GlaxoSmithKline Approved indications: chronic hepatitis C, renal cancer, etc.
	MEROPEN (SM-7338) Injection	meropenem trihydrate	Febrile neutropenia	Developed in-house Approved indications: moderate to severe bacterial infections

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	AS-3201 Oral	ranirestat	Diabetic neuropathy	Developed in-house Co-developed with Kyorin Pharmaceutical in JPN
	SM-11355 Injection	miriplatin hydrate	Hepatocellular carcinoma	Developed in-house
	SM-13496 Oral	lurasidone	Schizophrenia	Developed in-house
	SMP-114 Oral	Not determined	Rheumatoid arthritis	Developed in-house
	SMP-508 Oral	repaglinide	Diabetes	In-licensed from Novo Nordisk
	SMP-862 Oral	metformin hydrochloride	Diabetes	In-licensed from Merck Sante
	AC-5216 Oral	Not determined	Anxiety & Depression	Developed in-house
Phase II New Indication	PRORENAL Oral	limaprost alfadex	Cervical spondylosis	Co-developed with Ono Pharmaceutical in JPN Approved indications: symptoms associated with thromboangitis obliterans and acquired lumbar spinal canal stenosis

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	AC-3933 Oral	Not determined	Dementia	Developed in-house

[Main revisions since the announcement of July 2006]

SMP-536: NDA approved
Irbesartan: Newly listed for Phase III
Gasmotin for new indication (postgastrectomy syndrome): Deleted due to discontinuation of development
SMP-797: Deleted due to discontinuation of development

Major Products under Development in Foreign Markets by DSP

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase III	AS-3201 Oral	ranirestat	Diabetic neuropathy	Developed in-house Phase III in the U.S. and Canada

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	SMP-114 Oral	Not determined	Rheumatoid arthritis	Developed in-house Phase IIb in Europe
	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house Phase II in Europe and the U.S.
	AC-3933 Oral	Not determined	Dementia	Developed in-house Phase IIa in Europe and the U.S.
	SMP-986 Oral	Not determined	Overactive bladder syndrome	Developed in-house Phase II in Europe and the U.S.

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	SMP-028 Oral	Not determined	Bronchial asthma	Developed in-house Phase I in the U.S.

[Main revisions since the announcement of July 2006]

SMP-986: Phase II started in Europe and the U.S.
SMP-797: Deleted due to discontinuation of development

Major Products under Development in Foreign Markets by Licensees

Generic / Product code (Brand name in JPN)	Therapeutic indications	Status of development
AC-5216	Anxiety & Depression	Out-licensed to Novartis Pharma AG for the worldwide territory, excluding Japan, South Korea, Taiwan and China, in February 2002 Phase IIa conducted in the U.S. and Canada by Novartis
AG-7352	Cancer	Out-licensed to Sunesis Pharmaceuticals Inc. for the worldwide territory in October 2003 Phase II trials conducted by Sunesis (Sunesis' product code: SNS-595)
SMP-601	Life-threatening infection	Out-licensed to Protez Pharmaceuticals for the worldwide territory in May 2005 Protez Pharmaceuticals has started Phase I in Switzerland.
Lurasidone SM-13496	Schizophrenia	Out-licensed to Merck for the worldwide territory, excluding Japan, South Korea, Taiwan and China, in June 2005 Merck is conducting clinical studies in the U.S.
amrubicin hydrochloride SM-5887 (CALSED)	Cancer	Out-licensed to Cabrellis (formerly Conforma) for the European and U.S. territories in June 2005 Phase II conducted in the U.S. and Europe by Cabrellis
ranirestat AS-3201	Diabetic neuropathy (Aldose reductase inhibitor)	Out-licensed to Eisai for the worldwide territory, excluding Japan, in September 2005. Phase III conducted in the U.S. and Canada by DSP Eisai will proceed with subsequent trials.

[Main revisions since the announcement of July 2006]

SMP-601: Protez Pharmaceuticals has started Phase I in Switzerland.

VIII. Profile of Major Products under Development

SMP-536 (agalsidase alfa)　Fabry's disease

- In-licensed from Shire Pharmaceuticals Group plc (formerly Transkaryotic Therapies Inc.)
- The active substance of this drug is alpha-galactosidase A that is manufactured from human fibroblast cell lines. It alleviates the symptoms of Fabry's disease as an enzyme replacement therapy providing exogenous source of the deficient enzyme.
- Development stage: NDA approved in Japan

AD-5423 (blonanserin)　Schizophrenia

- Developed in-house
- This drug blocks dopamine-2 receptors and serotonin-2 receptors. In clinical studies, this drug showed efficacy on not only positive symptoms of schizophrenia (such as hallucinations or delusions), but also negative symptoms (such as flat affect or hypobulia). The incidence of adverse reactions such as extrapyramidal symptoms or weight gain in the clinical studies was lower than the incidence reported for other drugs in this therapeutic area.
- Development stage: NDA filed in Japan. Phase II in Europe and the U.S.

AD-810N (zonisamide)　Parkinson's disease (Additional therapeutic indication)

- Developed in-house
- Launched in June 1989 as an anti-epileptic drug (EXCEGRAN®), this drug has since been found to be useful in alleviating the symptoms of Parkinson's disease. This drug is believed to have a unique mechanism of action that is different from the mechanism of conventional anti-Parkinson's disease agents, most of which are dopamine receptor agonists.
- Development stage: NDA filed in Japan

Irbesartan　Hypertension

- Originated by sanofi-aventis and sublicensed from Bristol-Myers K.K. for the Japanese market. Co-development with Shionogi for the Japanese market.
- The 6th ARB (Angiotensin II receptor blocker)
- Long-lasting stable anti-hypertension effect with renal and cardiac protection effect. Abundant data for efficacy and safety available.
- Development stage: Phase III in Japan

AS-3201 (ranirestat)　Diabetic neuropathy

- Developed in-house
- AS-3201 alleviates the symptoms of diabetic neuropathy, a complication of diabetes, by inhibiting aldose reductase and thereby inhibiting the accumulation of intracellular sorbitol that causes diabetic neuropathy. The inhibitory effect of this drug is stronger and longer acting than other drugs in this therapeutic area. In Phase IIa trials conducted overseas, AS-3201 showed good penetration into nerve tissue, resulting in dose-dependent inhibition of intraneural accumulation of sorbitol and fructose. Phase III trials are currently under way in North America to further investigate the utility of this drug in treating diabetic neuropathy. AS-3201 was out-licensed to Eisai for the overseas territory in September 2005.
- Development stage: Phase III in the U.S. and Canada. Phase II in Japan (co-developed with Kyorin Pharmaceutical)

SM-11355 (miriplatin hydrate)　　Hepatocellular carcinoma

- Developed in-house
- This drug is a lipid-soluble platinum complex that is suspended in Lipiodol and the suspension injected via a hepatic artery into the liver. By having it suspended in Lipiodol, the active substance of this drug is localized around the tumor and gradually released for a long time. This mechanism of action is expected to give this drug a high anti-tumor effect with reduced systemic adverse reactions.
- Development stage: Phase II in Japan

SM-13496 (lurasidone)　　Schizophrenia

- Developed in-house
- SM-13496 is a potent dopamine-2 antagonist and antagonist against serotonin-2, -7 and 1A receptors. This drug is expected to have long-acting efficacy on schizophrenia with superior safety profile due to a reduced incidence of extrapyramidal reactions, cardiac reactions and weight gain. SM-13496 was out-licensed to Merck for the global territory excluding Japan, Korea, Taiwan and China in June 2005.
- Development stage: Phase II in Japan. Clinical studies in the U.S. conducted by Merck

SMP-114　　Rheumatoid arthritis

- Developed in-house
- A new type of disease-modifying anti-rheumatic drug (DMARD) for oral administration, SMP-114 is expected to inhibit progression of rheumatoid arthritis, such as chronic inflammation and the destruction or deformation of joints.
- Development stage: Phase II in Europe. Phase II in Japan

SMP-508 (repaglinide)　　Diabetes

- In-licensed from Novo Nordisk
- SMP-508 stimulates pancreatic beta cells to release insulin. This drug is one of the rapid insulin secretion enhancing agents that act faster than conventional SU anti-diabetes drugs. By boosting insulin secretion to normal levels in type II diabetes patients whose insulin levels shortly after meals tend to be lower than normal, this drug is expected to suppress the postprandial elevation of blood glucose levels, resulting in lower blood glucose levels and HbAlc in fasting state.
- Development stage: Phase II in Japan

SMP-862 (metformin hydrochloride)　　Diabetes

- In-licensed from Merck Sante
- SMP-862 (metformin hydrochloride) is an anti-diabetic agent that lowers blood glucose levels by improving insulin resistance without enhancing insulin secretion. An oral formulation of metformin hydrochloride was first developed and launched as Melbin® in Japan by our company in 1961. Following the elucidation of the mechanism of action of metformin and with the accumulated findings from the large-scale clinical trials on this drug conducted in the U.S. and Europe, we believe that further information about the effect of this drug on Japanese patients should be collected to meet with the recent trend for evidence-based medicine. We are conducting clinical studies on Japanese patients so as to meet with the current regulatory requirement to approve a new indication with new dosage regimen for metformin.
- Development stage: Phase II in Japan

AC-5216　　Anxiety & Depression

- Developed in-house
- AC-5216 is an anxiolytic and antidepressant with a novel mechanism of action. This drug enhances

neurosteroid biosynthesis by acting as an agonist at mitochondrial benzodiazepine receptors.

- Development stage: Phase II in Japan. Phase II conducted in the U.S. and Canada by Novartis

AC-3933 Dementia

- Developed in-house
- AC-3933 is a partial inverse agonist at benzodiazepine receptors, a mechanism of action markedly different from that of acetylcholinesterase inhibitors. This drug not only activates cholinergic neurons by enhancing the release of acetylcholine, but it also stimulates glutaminergic neurons. This drug is expected to improve memory impairment, a core symptom of dementia.
- Development stage: Phase II in the U.S. Phase I in Japan

SMP-986 Overactive bladder syndrome

- Developed in-house
- Besides antagonism of muscarinic receptors, SMP-986 also suppresses neural signals sent from the bladder to the central nervous system in cases of overactive bladder. The drug is expected to increase volume of micturition per visit, which in turn eases urinary urgency and reduces the frequency of both urination and incontinence. This drug is expected to have lower incidence of side effects, such as dry mouth, caused by the antagonism of muscarinic-3 receptors.
- Development stage: Phase II in Europe and the U.S.

SMP-028 Bronchial asthma

- Developed in-house
- SMP-028 suppresses a variety of inflammation-related leukocytes that are involved in the pathology of bronchial asthma. It is expected to become a treatment for asthma with a novel anti-inflammatory mechanism of action.
- Development stage: Phase I in the U.S.