



Summary of Consolidated Financial Results for The Year Ended March 31, 2007 (Unaudited)

May 10, 2007

Company Name: DAINIPPON SUMITOMO PHARMA CO., LTD.
 Head Office: 6-8, Doshomachi, 2-chome, Chuo-ku, Osaka, 541-0045
 Stock Exchange Listings: Tokyo, Osaka, Nagoya
 Security Code number: 4506 ([URL:http://www.ds-pharma.co.jp](http://www.ds-pharma.co.jp))
 Date of Annual Meeting of Shareholders: June 28, 2007
 Starting date of cash dividend payments: June 29, 2007
 Filing date of Financial Report: June 28, 2007

The accompanying consolidated financial statements are prepared in accordance with Japanese GAAP. Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards. The translation of consolidated financial statements into English from Japanese is solely for the convenience of readers outside Japan.

1. Consolidated Financial Results for The Year Ended March 31, 2007 (April 1, 2006 to March 31, 2007)

Numerical value of Sumitomo Pharmaceuticals Co., Ltd. before the merger date (October 1, 2005) is not included in the followings.

(1) Results of Operations

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

	Net Sales		Operating Income		Recurring Income	
	Yen million	% Change	Yen million	% Change	Yen million	% Change
Year ended March 31, 2007	261,213	6.3	45,554	57.7	43,181	58.5
Year ended March 31, 2006	245,783	41.3	28,885	177.8	27,235	143.4

	Net Income		Earnings per Share	Earnings per Share (diluted)	Net Income / Shareholders' Equity (ROE)	Recurring Income / Total Assets	Operating Income / Net Sales
	Yen million	% Change					
Year ended March 31, 2007	22,605	47.0	¥56.86	—	7.6%	11.1%	17.4%
Year ended March 31, 2006	15,377	122.1	¥54.57	—	7.3%	9.2%	11.8%

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates

Year ended March 31, 2007 : —

Year ended March 31, 2006 : —

Note: Presentation of percentages in the above shows increase or decrease ratio in comparison with the previous fiscal year.

(2) Financial Position

	Total Assets (million)	Net Assets (million)	Shareholders' Equity Ratio	Shareholders' Equity per Share
March 31, 2007	¥382,535	¥306,012	*1 79.8%	*2 ¥767.52
March 31, 2006	¥392,965	¥287,764	73.2%	¥723.63

Reference: Shareholders' Equity (millions of yen)

Year ended March 31, 2007 : 305,090

Year ended March 31, 2006 : —

Notes :*1: (Net Assets—Minority Interests) / Total Assets

*2: (Net Assets—Minority Interests) / Number of shares outstanding at end of year

(3) Cash Flows

(millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
Year ended March 31, 2007	37,871	(19,687)	(7,780)	81,722
Year ended March 31, 2006	9,084	(10,446)	(7,286)	71,318

2. Dividends

	Annual Dividends per Share			Dividends Paid for the Year (million)	Payout Ratio	Dividends to Net Assets Ratio
	Interim	Year-End	Annual			
Year ended March 31, 2006	¥5.00	¥7.00	¥12.00	¥3,608	22.0%	1.6%
Year ended March 31, 2007	¥7.00	¥7.00	¥14.00	¥5,565	24.6%	1.9%
Year ending March 31, 2008 (Forecast)	¥9.00	¥9.00	¥18.00		27.5%	

3. Consolidated Financial Forecast for The Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

	Net Sales		Operating Income		Recurring Income	
	Yen million	% Change	Yen million	% Change	Yen million	% Change
Six months ending September 30, 2007	133,000	4.8	22,000	7.5	21,000	7.3
Year ending March 31, 2008	273,000	4.5	46,000	1.0	44,000	1.9

	Net Income		Earnings per Share
	Yen million	% Change	
Six months ending September 30, 2007	12,400	30.8	¥31.19
Year ending March 31, 2008	26,000	15.0	¥65.41

Note: 1. The foregoing are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including economic conditions.

2. Presentation of percentages in the above shows increase or decrease ratio in comparison with the same period of the previous fiscal year.

4. Others

(1) Important changes in scope of consolidation during this year : No

(2) Changes in accounting principles, procedures, disclosure methods

1. Changes due to adoption of new accounting standards: Yes
2. Other changes: No

(3) Number of shares outstanding (Common stock) at end of year

1. Number of shares outstanding (Including treasury stock)
 - Year ended March 31, 2007 : 397,900,154
 - Year ended March 31, 2006 : 397,900,154
2. Number of treasury stock
 - Year ended March 31, 2007 : 398,980
 - Year ended March 31, 2006 : 291,071

Financial Information

(1) Consolidated Balance Sheets

ASSETS

(Millions of yen)

	As of March 31, 2006		As of March 31, 2007		Increase (Decrease)
		%		%	
Current assets:	249,733	63.6	234,313	61.3	(15,419)
Cash and time deposits	60,327		55,765		(4,561)
Notes and accounts receivable	114,503		88,768		(25,735)
Marketable securities	13,995		27,962		13,967
Inventories	44,116		44,954		837
Deferred tax assets	11,126		10,442		(683)
Others	5,773		6,645		871
Allowance for doubtful receivables	(109)		(225)		(116)
Fixed assets:	143,232	36.4	148,221	38.7	4,989
Property, plant and equipment	68,335	17.4	65,241	17.1	(3,094)
Buildings and structures	37,695		37,436		(258)
Machinery, equipment and carriers	14,136		11,292		(2,843)
Land	9,988		9,975		(12)
Construction in progress	1,615		1,945		329
Others	4,900		4,590		(309)
Intangible fixed assets	5,952	1.5	6,702	1.7	750
Investments and other assets	68,944	17.5	76,277	19.9	7,333
Investment securities	48,920		52,026		3,105
Deferred tax assets	373		4		(369)
Others	20,073		24,615		4,541
Allowance for doubtful receivables	(423)		(368)		55
Total assets	392,965	100.0	382,535	100.0	(10,430)

LIABILITIES AND NET ASSETS
(Millions of yen)

	As of March 31, 2006		As of March 31, 2007		Increase (Decrease)
		%		%	
Total liabilities	104,332	26.6	76,522	20.0	(27,809)
Current liabilities:	80,070	20.4	56,038	14.6	(24,031)
Notes and accounts payable	38,693		18,036		(20,657)
Income taxes payable	8,410		8,220		(189)
Reserve for bonuses	8,050		8,036		(14)
Reserve for sales returns	113		121		8
Reserve for sales rebates	565		490		(74)
Reserve for expenses related to litigation	—		1,010		1,010
Others	24,237		20,124		(4,113)
Long-term liabilities:	24,261	6.2	20,484	5.4	(3,777)
Long-term debt	5,275		4,600		(675)
Deferred tax liabilities	—		2,093		2,093
Reserve for retirement benefits	14,116		8,169		(5,947)
Reserve for directors' retirement benefits	59		51		(7)
Others	4,810		5,570		760
Minority interests	869	0.2	—	—	
Shareholders' equity	287,764	73.2	—	—	
Common stock	22,400	5.7	—	—	
Capital surplus	15,860	4.0	—	—	
Retained earnings	232,485	59.2	—	—	
Unrealized gains on available-for-sale securities	17,348	4.4	—	—	
Treasury stock	(329)	(0.1)	—	—	
Total liabilities, minority interests and shareholders' equity	392,965	100.0	—	—	
Net assets	—	—	306,012	80.0	
Shareholders' equity	—	—	287,262	75.1	
Common stock	—	—	22,400	5.9	
Capital surplus	—	—	15,860	4.1	
Retained earnings	—	—	249,481	65.2	
Treasury stock	—	—	(479)	(0.1)	
Valuation, transaction adjustments and others	—	—	17,827	4.7	
Unrealized gains on available-for-sale securities	—	—	17,827	4.7	
Minority interests	—	—	921	0.2	
Total liabilities and net assets	—	—	382,535	100.0	(10,430)

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2006		Year ended March 31, 2007		Increase (Decrease)	
		%		%		%
Net sales	245,783	100.0	261,213	100.0	15,429	6.3
Cost of sales	130,444	53.1	99,337	38.0	(31,106)	(23.8)
Gross profit	115,339	46.9	161,875	62.0	46,536	40.3
Provision for (Reversal of) reserve for sales returns	(7)	(0.0)	8	0.0	15	
Net gross profit	115,347	46.9	161,867	62.0	46,520	40.3
Selling, general and administrative expenses	86,461	35.1	116,312	44.6	29,851	34.5
Operating income	28,885	11.8	45,554	17.4	16,669	57.7
Non-operating income:	1,726	0.7	1,887	0.7	161	
Non-operating expenses:	3,377	1.4	4,261	1.6	884	
Recurring income	27,235	11.1	43,181	16.5	15,946	58.5
Extraordinary income:	4,422	1.8	—	—	(4,422)	
Gains on sales of investment securities	1,852		—			
Gains on sales of fixed assets	1,788		—			
Gains on transfer of substitutional portion of the government pension program	781		—			
Extraordinary expenses:	5,970	2.4	4,765	1.8	(1,205)	
Additional retirement expenses for employees	—		2,938			
Expenses related to litigation	—		1,010			
Loss on reform of retirement benefits plan	—		611			
Loss on impairment of fixed assets	—		205			
Expenses related to merger	5,794		—			
Loss on business restructuring	176		—			
Income before income taxes and minority interests	25,687	10.5	38,415	14.7	12,728	49.6
Income taxes:						
Current	10,380	4.2	12,046	4.6	1,666	
Deferred	(140)	(0.0)	3,705	1.4	3,846	
Minority interests	70	0.0	58	0.0	(12)	
Net income	15,377	6.3	22,605	8.7	7,228	47.0

(3) Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of yen)

	Year ended March 31, 2006
(Capital Surplus)	
Balance at beginning of year	15,860
Increases	—
Deductions	—
Balance at end of year	15,860
(Retained Earnings)	
Balance at beginning of year	100,821
Increases	138,124
Net income	15,377
Increase due to merger	122,747
Deductions	6,461
Cash dividends paid	1,649
Bonuses to directors and corporate auditors	28
[Including bonuses to corporate auditors]	[8]
Payments to shareholders of Sumitomo's shares in lieu of dividends	2,886
Decrease related to exclusion of consolidated subsidiaries	278
Loss on trades of treasury stock	1,617
Balance at end of year	232,485

(4) Consolidated Statement of Changes in Net Assets

Year ended March 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2006	22,400	15,860	232,485	(329)	270,415
Changes during the period					
Cash dividends			(5,566)		(5,566)
Directors' bonuses			(42)		(42)
Net income			22,605		22,605
Acquisition of treasury stock				(154)	(154)
Sales of treasury stock		0		4	5
Changes in items other than shareholders' equity (net)					
Total	—	0	16,996	(149)	16,846
As of March 31, 2007	22,400	15,860	249,481	(479)	287,262

(Millions of yen)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Valuation, transaction adjustments and others		
As of March 31, 2006	17,348	17,348	869	288,633
Changes during the period				
Cash dividends				(5,566)
Directors' bonuses				(42)
Net income				22,605
Acquisition of treasury stock				(154)
Sales of treasury stock				5
Changes in items other than shareholders' equity (net)	479	479	52	531
Total	479	479	52	17,378
As of March 31, 2007	17,827	17,827	921	306,012

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2006	Year ended March 31, 2007
Cash flows from operating activities:		
Income before income taxes and minority interests	25,687	38,415
Depreciation and amortization	8,900	12,008
Provision for reserve for retirement benefits, less payments	(1,151)	(3,908)
Provision for other reserves (less payments)	(515)	981
Interest and dividend income	(518)	(986)
Interest expenses	90	108
Loss on reform of retirement benefits plan	—	611
Loss on impairment of fixed assets	—	205
Gains on sales of investment securities	(1,852)	—
Gains on sales of fixed assets	(1,642)	—
Gains on transfer of the substitutional portion of the government pension program	(781)	—
Loss on disposal of fixed assets	557	200
Decrease (increase) in notes and accounts receivable	(4,218)	25,735
Increase in inventories	(3,348)	(837)
Decrease in notes and accounts payable	(143)	(20,657)
Other, net	316	(2,683)
Subtotal	21,379	49,192
Interest and dividend received	528	968
Interest paid	(66)	(52)
Income taxes paid	(12,756)	(12,236)
Net cash provided by operating activities	9,084	37,871
Cash flows from investing activities:		
Increase in time deposits	(8,013)	(7,000)
Decrease in time deposits	—	2,000
Purchases of marketable securities	—	(1,016)
Proceeds from sales of marketable securities	1,000	1,000
Purchases of tangible fixed assets	(4,572)	(7,410)
Proceeds from sales of fixed assets	2,386	—
Purchase of intangible fixed assets	—	(2,346)
Purchases of investment securities	(1,572)	(5,259)
Proceeds from sales of investment securities	2,886	—
Proceeds from redemption of investment securities	—	1,000
Collection of long-term loan	—	934
Net increase in short-term loan	(1,100)	(500)
Other, net	(1,461)	(1,089)
Net cash used in investing activities	(10,446)	(19,687)
Cash flows from financing activities:		
Net decrease in short-term borrowings	(670)	(1,370)
Repayment of long-term borrowings	(1,917)	(688)
Net increase in treasury stock	(155)	(149)
Dividends paid	(1,650)	(5,565)
Dividends paid to minority shareholders	(7)	(7)
Payments to shareholders of Sumitomo's shares in lieu of dividends	(2,886)	—
Net cash used in financing activities	(7,286)	(7,780)
Net increase (decrease) in cash and cash equivalents	(8,648)	10,403
Cash and cash equivalents at beginning of year	38,182	71,318
Increase in cash and cash equivalents due to merger	42,235	—
Net decrease in cash and cash equivalents related to exclusion of consolidated subsidiaries	(449)	—
Cash and cash equivalents at end of year	71,318	81,722

(6) Segment Information

Segment information by business segment

Year ended March 31, 2006

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
I Sales and operating income					
Sales to customers	192,601	53,181	245,783	—	245,783
Inter-segment sales / transfers	—	528	528	(528)	—
Total	192,601	53,710	246,312	(528)	245,783
Operating expenses	164,852	52,574	217,427	(528)	216,898
Operating income	27,749	1,136	28,885	—	28,885
II Identifiable assets, depreciation and capital expenditures					
Identifiable assets	245,598	24,140	269,738	123,227	392,965
Depreciation	8,255	331	8,586	—	8,586
Capital expenditures	6,352	263	6,615	—	6,615

Year ended March 31, 2007

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
I Sales and operating income					
Sales to customers	206,259	54,953	261,213	—	261,213
Inter-segment sales / transfers	—	—	—	—	—
Total	206,259	54,953	261,213	—	261,213
Operating expenses	161,856	53,801	215,658	—	215,658
Operating income	44,402	1,151	45,554	—	45,554
II Identifiable assets, depreciation, impairment loss and capital expenditures					
Identifiable assets	218,792	24,628	243,421	139,113	382,535
Depreciation	10,964	359	11,323	—	11,323
Impairment loss	205	—	205	—	205
Capital expenditures	9,237	305	9,542	—	9,542

Notes: 1. Business segments are divided into "Pharmaceuticals" and "Other Products" based on natures of products and businesses.

2. The principal products in each of the business segment are as follows:

Business segment	Major products
Pharmaceuticals	Cardiovascular system drugs Antibacterial and antibiotic agents Central nervous system and antiallergic drugs Nutrients, hormones and vitamins
Other products	Animal health products Feeds and feed additives Food additives Diagnostics Other products

3. Geographical segment information and overseas sales information are not disclosed, because none of consolidated subsidiaries are located outside Japan, and the overseas sales of our group for fiscal year 2007 and 2006 were less than 10% of consolidated net sales.