



Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2012 [Japanese GAAP](Unaudited)

July 29, 2011

Company Name: DAINIPPON SUMITOMO PHARMA CO., LTD.

Head Office: 6-8, Doshomachi, 2-chome, Chuo-ku, Osaka, 541-0045

Stock Exchange Listings: Tokyo, Osaka

Security Code Number: 4506 (URL: <http://www.ds-pharma.co.jp>)

Representative: Masayo Tada, Representative Director, President and Chief Executive Officer

Contact: Atsuko Higuchi, Director, Corporate Communications Department

Telephone: 06-6203-1407

Filing Date of Quarterly Financial Report: August 12, 2011

Starting Date of Dividend Payments: —

Preparation of Supplementary Financial Data for Quarterly Financial Results: Yes

Information Meeting for Quarterly Financial Results to be held: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2012 (April 1, 2011 to June 30, 2011)

(1) Results of Operations

(% represents changes from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen million	%	Yen million	%	Yen million	%	Yen million	%
Three months ended June 30, 2011	94,798	(6.9)	12,787	(13.5)	13,154	(11.3)	8,086	(12.8)
Three months ended June 30, 2010	101,799	54.1	14,790	31.6	14,838	25.4	9,277	18.7

Note: Comprehensive income

Three months ended June 30, 2011: 11,819 29.4% Three months ended June 30, 2010: 9,134 —%

	Earnings per share	Earnings per share (diluted)
Three months ended June 30, 2011	¥20.35	—
Three months ended June 30, 2010	¥23.35	—

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2011	581,742	332,226	57.1%
As of March 31, 2011	589,868	323,983	54.9%

Reference: Shareholders' Equity (millions of yen)

As of June 30, 2011: 332,226 As of March 31, 2011: 323,983

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
Year ended March 31, 2011	—	¥9.00	—	¥9.00	¥18.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (Forecast)		¥9.00	—	¥9.00	¥18.00

Note: Revision of dividend forecasts during this period: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% represents changes from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Yen million	%	Yen million	%	Yen million	%	Yen million	%	
Six months ending September 30, 2011	179,700	(4.7)	8,900	(40.4)	8,400	(41.6)	4,800	(44.5)	¥12.08
Year ending March 31, 2012	362,000	(4.6)	17,000	(45.1)	15,500	(45.8)	8,500	(49.4)	¥21.39

Note: Revision of consolidated financial forecasts during this period: None

4. Other

(1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation) : None

(2) Application of specific accounting methods for preparing quarterly consolidated financial statements: Yes

• Calculation of income taxes

The effective tax rate, after applying tax effect accounting, expected to be imposed on income before income taxes and minority interests for the fiscal year in which this first quarter is included is estimated based on reasonable assumptions. Then, tax expenses are calculated by multiplying the income before income taxes and minority interests for the quarter by the estimated effective tax rate.

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

- ① Changes due to changes in accounting standards: None
- ② Changes due to changes in accounting standards other than (3),①: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatements: None

(4) Number of shares outstanding (Common stock) at the end of period

① Number of shares outstanding (Including treasury stock)

June 30, 2011 : 397,900,154 shares
March 31, 2011 : 397,900,154 shares

② Number of treasury stock

June 30, 2011: 587,522 shares
March 31, 2011 : 587,168 shares

③ Average number of shares during the period

June 30, 2011 : 397,312,780 shares
June 30, 2010 : 397,315,315 shares

Indication of quarterly review procedure implementation status:

This summary of financial results is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the quarterly review procedure process at the time of disclosure of this report.

Explanation for Appropriate Use of Forecasts and Other Notes:

This document contains forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involves risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including economic conditions.

The Company holds the Conference Call for institutional investors and analysts on Friday, July 29, 2011. The documents distributed at the presentation are scheduled to be posted on our website.

【Attachment Documents】

1. Qualitative Information for the Three Months Ended June 30, 2011	2
(1) Qualitative Information on Consolidated Business Results	2
(2) Qualitative Information on Consolidated Financial Condition	3
(3) Qualitative Information on Consolidated Financial Forecasts	3
2. Consolidated Financial Statements	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of (Comprehensive) Income	6
(3) Notes on Premise of Going Concern	8
(4) Segment Information	8
(5) Notes on Significant Changes in Shareholders' Equity	9

1. Qualitative Information for the Three Months Ended June 30, 2011

(1) Qualitative Information on Consolidated Business Results

The situation in the pharmaceutical industry is still severe, in part due to the increased difficulty in discovering new epoch-making drugs, and in part due to the continuous implementation of various measures aimed at saving medical costs, in the face of the global movement toward reform of healthcare systems.

Under such circumstances, the DSP Group is striving to conduct business activities, by setting transforming the revenue source structure in Japan, expanding overseas operations and maximizing earnings, and expanding the drug pipeline for the future growth as the most important tasks.

Net sales by the Group for the three months ended June 30 of this consolidated fiscal year amounted to 94,798 million yen (a 6.9% decrease from the three months of the previous consolidated fiscal year). Operating income amounted to 12,787 million yen (a 13.5% decrease year-on-year) and ordinary income amounted to 13,154 million yen (a 11.3% decrease year-on-year). Net income amounted to 8,086 million yen (a 12.8% decrease year-on-year).

From the consolidated fiscal year ending March 31, 2012, the Group revised classification of the reportable segments to strengthen the performance management of the pharmaceutical business for each market. The results by business segment are as follows:

① Japan segment

This represents the business performance of the domestic pharmaceutical business of the DSP. The company has continued its intensive infusions of operating resources into its strategic products, such as AVAPRO[®], a therapeutic agent for hypertension drug, LONASEN[®], an atypical antipsychotic, and PRORENAL[®], a vasodilator, as well as its new products, such as TRERIEF[®], a Parkinson's disease drug, MIRIPLA[®], a therapeutic agent for hepatocellular carcinoma, METGLUCO[®], a biguanide oral hypoglycemic, and SUREPOST[®], a rapid insulin secretagogue, thereby working to increase in sales. In addition, the company has aggressively worked to expand the income by pursuing continuous improvement in management efficiency, such as pursue low-cost operations. However, mainly due to the decrease of the sales of AMLODIN[®], therapeutic agent for hypertension and angina pectoris, net sales amounted to 44,555 million yen (a 4.1% decrease year-on-year) and segment income amounted to 18,084 million yen (a 3.8% decrease year-on-year).

② North America segment

This represents the business performance of the U.S. subsidiaries led by Sunovion Pharmaceuticals Inc. and the North America business of the DSP. The Group strived to achieve market penetration and sales expansion of LATUDA[®], the Group's global strategic product at an early stage and worked promotion activities for the existing products such as LUNESTA[®], sedative hypnotic and XOPENEX[®], short-acting beta-agonist through aggressive promotion activities. Net sales amounted to 31,514 million yen (a 4.2% decrease year-on-year) due to the effect of strong yen despite of increase based on local currency. Segment income amounted to 3,701 million yen (a 38.5% decrease year-on-year).

③ China segment

This represents the business performance of the Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. and the China

business of the DSP. Mainly due to the increase of the sales of MEROPEN[®] (sold in China as MEPEM[®]), a carbapenem antibiotic preparation, net sales amounted to 1,880 million yen (a 24.7% increase year-on-year) and segment income amounted to 823 million yen (a 5.1% increase year-on-year).

④ Other Regions segment

This represents mainly the business performance of the export excluding North America and China. Net sales amounted to 6,408 million yen (a 6.9% increase year-on-year) and segment income amounted to 2,846 million yen (a 0.5% decrease year-on-year).

In addition to the above-mentioned reporting segments, the Group has been marketing food ingredients, food additives, chemical product materials, veterinary drugs, diagnostic products, etc. and net sales of these products amounted to 10,440 million yen (a 30.2% decrease year-on-year) and segment income amounted to 962 million yen (a 15.3% increase year-on-year).

(2) Qualitative Information on Consolidated Financial Condition

Total assets decreased 8,125 million yen from the previous consolidated fiscal year-end, to 581,742 million yen, primarily due to the decrease in investment securities and patent rights.

Total liabilities decreased 16,368 million yen from the previous consolidated fiscal year-end, to 249,516 million yen, primarily due to the decrease in interest-bearing debt.

Net assets increased 8,243 million yen from the previous consolidated fiscal year-end, to 332,226 million yen, mainly because the increase in retained earnings due to recording of the quarterly net income exceeded the decrease due to payment of dividends. In addition, shareholders' equity ratio as of the end of the first quarter of the present consolidated fiscal year amounted to 57.1%.

(3) Qualitative Information on Consolidated Financial Forecasts

At this point, any factor affect the business results were not assumed. There are no revisions to the consolidated financial forecast announced on May 11, 2011.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets:		
Cash and time deposits	14,938	16,468
Notes and accounts receivable	107,803	105,855
Marketable securities	90,921	86,348
Merchandise and finished goods	38,442	37,927
Work-in-process	2,388	2,597
Raw materials and supplies	15,140	14,002
Deferred tax assets	33,489	32,868
Short-term loans	25,000	25,000
Others	4,998	7,996
Allowance for doubtful receivables	(122)	(111)
Total current assets	332,999	328,954
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	91,227	91,840
Accumulated depreciation and impairment loss	(49,497)	(49,790)
Buildings and structures, net	41,730	42,050
Machinery, equipment and carriers	77,089	76,728
Accumulated depreciation and impairment loss	(65,030)	(65,240)
Machinery, equipment and carriers, net	12,058	11,488
Land	10,291	10,286
Construction in progress	941	997
Others	27,529	27,738
Accumulated depreciation and impairment loss	(22,758)	(22,902)
Others, net	4,771	4,836
Total property, plant and equipment	69,793	69,659
Intangible assets:		
Goodwill	70,369	70,822
Patent rights	60,984	55,988
Others	11,912	11,960
Total intangible assets	143,266	138,770
Investments and other assets:		
Investment securities	27,922	27,377
Deferred tax assets	7,023	7,898
Others	8,961	9,185
Allowance for doubtful receivables	(99)	(102)
Total investments and other assets	43,807	44,359
Total fixed assets	256,868	252,788
Total assets	589,868	581,742

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	15,647	16,362
Short-term loans payable	50,000	43,000
Current portion of long-term loans payable	10,600	10,000
Income taxes payable	7,678	4,930
Reserve for bonuses	7,431	3,832
Reserve for sales returns	2,289	2,695
Reserve for sales rebates	15,875	18,892
Others	47,681	43,530
Total current liabilities	157,203	143,242
Long-term liabilities:		
Bonds payable	50,000	50,000
Long-term loans payable	43,000	40,500
Liability for retirement benefits	10,266	10,413
Liability for directors' retirement benefits	6	—
Others	5,407	5,359
Total long-term liabilities	108,680	106,273
Total liabilities	265,884	249,516
Net assets		
Shareholders' equity:		
Common stock	22,400	22,400
Capital surplus	15,860	15,860
Retained earnings	304,186	308,696
Treasury stock	(648)	(648)
Total shareholders' equity	341,798	346,308
Accumulated other comprehensive income (loss)		
Unrealized gains on available-for-sale securities, net of tax	5,413	5,049
Foreign currency translation adjustment	(23,228)	(19,131)
Total accumulated other comprehensive income (loss)	(17,814)	(14,081)
Total net assets	323,983	332,226
Total liabilities and net assets	589,868	581,742

(2) Consolidated Statements of (Comprehensive) Income

Consolidated Statements of Income

	(Millions of yen)	
	Year ended June 30, 2010	Year ended June 30, 2011
Net sales	101,799	94,798
Cost of sales	32,632	25,784
Gross profit	69,167	69,013
Reversal of reserve for sales returns	13	—
Provision for reserve for sales returns	—	4
Gross profit-net	69,180	69,008
Selling, general and administrative expenses		
Provision for allowance for doubtful receivables	4	—
Salaries	8,572	9,048
Provision for reserve for bonuses	2,385	2,594
Research and development costs	14,500	13,636
Others	28,927	30,942
Total selling, general and administrative expenses	54,390	56,221
Operating income	14,790	12,787
Non-operating income		
Interest income	110	110
Dividend income	459	364
Others	531	492
Total non-operating income	1,101	968
Non-operating expenses		
Interest expense	451	308
Contribution	273	176
Others	329	115
Total non-operating expenses	1,053	600
Ordinary income	14,838	13,154
Income before income taxes and minority interests	14,838	13,154
Income taxes	5,560	5,068
Income before minority interests	9,277	8,086
Net income	9,277	8,086

Consolidated Statements of Comprehensive Income (Loss)

	(Millions of yen)	
	Year ended June 30, 2010	Year ended June 30, 2011
Income before minority interests	9,277	8,086
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities, net of tax	(1,184)	(364)
Deferred gains or losses on hedges	(32)	—
Foreign currency translation adjustment	1,074	4,097
Total other comprehensive income (loss)	(143)	3,732
Comprehensive income (loss)	9,134	11,819
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	9,134	11,819
Comprehensive income (loss) attributable to minority interests	—	—

(3) Notes on Premise of Going Concern

Not applicable.

(4) Segment Information

I Three months ended June 30, 2010

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments				Other Business	Total
	Japan (Pharmaceuticals)	U.S.	China	Subtotal		
Net sales						
Sales to customers	52,596	32,889	1,349	86,834	14,964	101,799
Intersegment sales and transfers	814	1,089	128	2,032	—	2,032
Total	53,411	33,978	1,477	88,867	14,964	103,832
Income (loss) of segment	12,367	1,249	559	14,176	650	14,827

Note: The "Other Business" category incorporates operations not included in reportable segments, including food additives, animal health products, diagnostics and other products.

2. Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

(Millions of yen)

Income	Amount
Reportable segments total	14,176
Income of "Other Business"	650
Elimination of intersegment transactions	(37)
Operating income on consolidated statements of income	14,790

II Three months ended June 30, 2011

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments					Other Business	Total
	Pharmaceuticals Business						
	Japan	North America	China	Other Regions	Subtotal		
Net sales							
Sales to customers	44,555	31,514	1,880	6,408	84,358	10,440	94,798
Intersegment sales and transfers	90	—	—	—	90	23	114
Total	44,646	31,514	1,880	6,408	84,448	10,463	94,912
Income (loss) of segment	18,084	3,701	823	2,846	25,454	962	26,416

Note: The "Other Business" category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs, diagnostics and other products.

2. Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

(Millions of yen)	
Income	Amount
Reportable segments total	25,454
Income of "Other Business"	962
Research and development costs	(13,636)
Elimination of intersegment transactions	6
Operating income on consolidated statements of income	12,787

Note: Research and development costs are not allocated to any segment as the Group manages such cost on a global basis.

3. Change of Reportable Segments

From the first quarter of the present consolidated fiscal year, in order to strengthen the market-specific performance management, such as Japan, North America, China, the classification of profit management within the group has changed from the previous three [Japan (Pharmaceuticals), US, China] to four reportable segments [Japan, North America, China, Other Regions].

Because of this, results from overseas dealings that were included in the previous Japan (Pharmaceuticals) segment are now included in the North America, China and Other Regions segments. Moreover, from the first quarter of the present consolidated fiscal year, in order to manage R&D costs globally, they are not included in each segment.

As a result, segment income is changed to the operating income before R&D costs from the past operating income.

For the corresponding fiscal period of the previous consolidated fiscal year, information on sales and income (loss) by reportable segment created from the revised classification of segments is outlined below.

Three months ended June 30, 2010

(Millions of yen)

	Reportable Segments					Other Business	Total
	Pharmaceuticals Business						
	Japan	North America	China	Other Regions	Subtotal		
Net sales							
Sales to customers	46,441	32,889	1,508	5,996	86,834	14,964	101,799
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	46,441	32,889	1,508	5,996	86,834	14,964	101,799
Income (loss) of segment	18,794	6,019	783	2,859	28,456	834	29,290

Note: The "Other Business" category incorporates operations not included in reportable segments, including food additives, animal health products, diagnostics and other products.

Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

(Millions of yen)	
Income	Amount
Reportable segments total	28,456
Income of "Other Business"	834
Research and development costs	(14,500)
Operating income on consolidated statements of income	14,790

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.