Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2013[Japanese GAAP](Unaudited)

July 27, 2012

Company Name: DAINIPPON SUMITOMO PHARMA CO., LTD.
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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
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Filing Date of Quarterly Financial Report: August 10, 2012
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, 2013 （April 1, 2012 to June 30, 2012）

(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, 2012	89,083	(6.0)	10,886	(14.9)	11,487	(12.7)	5,699	(29.5)
Three months ended June 30, 2011	94,798	(6.9)	12,787	(13.5)	13,154	(11.3)	8,086	(12.8)

Note: Comprehensive income (Millions of yen)
Three months ended June 30, 2012: 15,620 32.2% Three months ended June 30, 2011: 11,819 29.4%

	Earnings per share	Earnings per share (diluted)
Three months ended June 30, 2012	¥14.34	—
Three months ended June 30, 2011	¥20.35	—

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2012	582,215	331,271	56.9%
As of March 31, 2012	559,410	319,227	57.1%

Reference: Shareholders' Equity (Millions of yen)
As of June 30, 2012: 331,271 As of March 31, 2012: 319,227

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
Year ended March 31, 2012	—	¥9.00	—	¥9.00	¥18.00
Year ending March 31, 2013	—				
Year ending March 31, 2013 (Forecast)		¥9.00	—	¥9.00	¥18.00

Note: Revision of dividend forecasts from the latest announcement: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2013
（April 1, 2012 to March 31, 2013）

(% 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, 2012	179,000	0.5	17,200	16.8	17,000	17.4	8,800	(8.0)	¥22.15
Year ending March 31, 2013	348,000	(0.7)	25,000	22.5	24,000	27.2	12,000	39.1	¥30.20

Note: Revision of consolidated financial forecasts from the latest announcement: Yes

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 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 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: Yes

③ Changes in accounting estimates: Yes

・Change of depreciation method for tangible fixed assets

The Company and its consolidated subsidiaries in Japan traditionally applied the declining-balance method to the depreciation of tangible fixed assets other than buildings. But since the sales of products sold globally are expected to expand outside Japan, we have decided to apply, starting with the first quarter of the consolidated fiscal year, the straight-line method of depreciation to the Company and its consolidated subsidiaries in Japan in order to be more consonant with the depreciation methods adopted at our increasingly important consolidated subsidiaries outside Japan.

The change of depreciation method resulted in a 379 million yen lower depreciation in the first quarter of this consolidated fiscal year than in the case had the declining-balance method been continued. Operating income, ordinary income, and income before income taxes and minority interests in the first quarter of this consolidated fiscal year are 216 million yen greater respectively.

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, 2012 : 397,900,154 shares

March 31, 2012 : 397,900,154 shares

② Number of treasury stock

June 30, 2012: 588,908 shares

March 31, 2012 : 588,699 shares

③ Average number of shares during the period

June 30, 2012 : 397,311,319 shares

June 30, 2011 : 397,312,780 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 which are based on management's assumptions and beliefs in light of the information currently available and involves risks and uncertainties, and are not the commitment made by the Company. 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 27, 2012. 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, 2012

(1) Qualitative Information on Consolidated Business Results

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, the Company has continued to focus on expansion of strategic products, such as AVAPRO®, a therapeutic agent for hypertension, LONASEN®, an atypical antipsychotic, as well as new products including METGLUCO®, a biguanide oral hypoglycemic.

In the United States, the DSP Group conducted sales promotion with its full effort for further achieving market penetration for and an expansion of sales of LATUDA®(generic name: lurasidone hydrochloride), an atypical antipsychotic.

In April this year, the Company acquired Boston Biomedical, Inc. (hereinafter referred to as “BBI”), a bio-venture enterprise in the United States, for the purposes of fortifying its development pipelines and enhancing its research and development in the cancer field.

Net sales by the Group for the three months ended June 30 of this consolidated fiscal year amounted to 89,083 million yen (a 6.0% decrease from the same period of the previous consolidated fiscal year) mainly because of a decrease in North America segment and Other Regions segment. Operating income amounted to 10,886 million yen (a 14.9% decrease year-on-year) and ordinary income amounted to 11,487 million yen (a 12.7% decrease year-on-year). Net income amounted to 5,699 million yen (a 29.5% decrease year-on-year) mainly due to posting extraordinary loss associated with reform of the organization and the operation in U.S.

The results by business segment are as follows:

① Japan segment

Despite of a factor for drops in sales caused by drug price revisions, strategic products, such as AVAPRO®, LONASEN®, and TRERIEF®, a Parkinson's disease drug as well as its new products, such as METGLUCO® favorably increased in sales. Net sales amounted to 44,647 million yen (a 0.2% increase year-on-year). Segment income, however, amounted to 17,596 million yen (a 2.7% decrease year-on-year) due to the decrease of gross profit associated with drug price revisions.

② North America segment

Sunovion Pharmaceuticals Inc. (hereinafter referred to as “Sunovion”) continually strived to promote sales of LATUDA®, and its sales increased in comparison with the year-earlier period. However, the existing products XOPENEX®, short-acting beta-agonist decreased in sales caused by upcoming expiry date of its patent and negative effects of the yen’s appreciation forced overall net sales in this segment downward. As a result, net sales amounted to 29,030 million yen (a 7.9% decrease year-on-year). Segment income amounted to 4,392 million yen (a 18.7% increase year-on-year) due to the decrease of selling, general and administrative expenses including the reduction of personnel expense.

③ China segment

Mainly due to the decrease of the sales of MEROPEN® (sold in China as MEPEM®), a carbapenem antibiotic preparation, net sales amounted to 1,669 million yen (a 11.2% decrease year-on-year) and segment income amounted to 624 million yen (a 24.1% decrease year-on-year).

④ Other Regions segment

Net sales amounted to 3,106 million yen (a 51.5% decrease year-on-year) and segment income amounted to 1,379 million yen (a 51.5% decrease year-on-year) largely because of the decrease in exports of MEROPEN®.

In addition to the aforementioned reporting segments, the DSP Group has been marketing food ingredients, food additives, chemical product materials, veterinary drugs, diagnostic products, etc. and net sales of these products amounted to 10,629 million yen (a 1.8% increase year-on-year) and segment income amounted to 943 million yen (a 1.9% decrease year-on-year).

(2) Qualitative Information on Consolidated Financial Condition

Total assets increased by 22,804 million yen from the previous consolidated fiscal year-end, to 582,215 million yen, primarily due to a decrease in marketable securities (negotiable deposit), and an increase in intangible assets including in-process R&D accompanied with acquisition of BBI. In addition, total assets increased also because assets of U.S. subsidiaries including Sunovion increased in terms of fluctuation of foreign exchange rate.

Total liabilities increased by 10,760 million yen from the previous consolidated fiscal year-end, to 250,943 million yen, primarily due to the increase in deferred tax liabilities accompanied with acquisition, despite of the decrease in accounts payable-other and long-term loans payable.

Net assets increased by 12,044 million yen from the previous consolidated fiscal year-end, to 331,271 million yen, mainly because of recording of the quarterly net income and the fluctuation of the foreign currency translation adjustment due to the yen's depreciation. In addition, shareholders' equity ratio at the end of this period amounted to 56.9%.

・Valuations and accounting procedures following acquisition of BBI

Valuation of assets and the accounting procedures associated with acquisition are as follows:

(Millions of yen)

	Before purchase price allocation	After purchase price allocation (provisional)	Accounting procedures (Amortization)
In-process R&D (Intangible Assets)	—	28,483	Capitalize (Amortize after approval)
Deferred tax liabilities (of the above)	—	(11,598)	
Other assets & liabilities (net)	86	86	
Goodwill	—	299	Amortization for 20 years
Total	86	17,270	

(3) Qualitative Information on Consolidated Financial Forecasts

In light of recent performance trends and other factors, the Company announces revisions to the financial forecasts made on May 10, 2012.

Revision of Consolidated Financial Forecasts for the Second Quarter of the Year Ending March 31, 2013

(April 1, 2012 to September 30, 2012) (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous Forecasts (A)	176,000	11,000	10,500	5,000	¥12.58
New Forecasts (B)	179,000	17,200	17,000	8,800	¥22.15
(B)－(A)	3,000	6,200	6,500	3,800	
Change (%)	1.7	56.4	61.9	76.0	
(Reference) Results for Second Quarter of the year ended March 31, 2012	178,026	14,726	14,480	9,569	¥24.09

Revision of Consolidated Financial Forecasts for the Year Ending March 31, 2013

(April 1, 2012 to March 31, 2013) (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous Forecasts (A)	348,000	22,000	21,000	10,500	¥26.43
New Forecasts (B)	348,000	25,000	24,000	12,000	¥30.20
(B)－(A)	－	3,000	3,000	1,500	
Change (%)	－	13.6	14.3	14.3	
(Reference) Results for the year ended March 31, 2012	350,395	20,402	18,872	8,629	¥21.72

<Second Quarter of the Year Ending March 31, 2013>

Due to strong sales from existing products in North America, a divergence in the time of product shipment in China, etc., net sales are expected to exceed the previous forecasts. On the other hand, in addition to the impact of the yen's appreciation, marketing costs for new products in North America being shifted to the third quarter, etc., SG&A expenses are expected to be lower than the previous forecasts.

Consequently, in the revised consolidated financial forecasts for the first half of the year ending March 31 2013, net sales increase by 3.0 billion yen to 179.0 billion yen, operating income increases by 6.2 billion yen to 17.2 billion yen, ordinary income increases by 6.5 billion yen to 17.0 billion yen and net income increases by 3.8 billion yen to 8.8 billion yen compared to the previous forecasts on May 10, 2012.

<Year Ending March 31, 2013>

Although for North America there is an impact from currency exchange, strong sales are expected to continue from existing products. On the other hand, with the increased impact from generic drug utilization promoted in Japan, the Company expects no change to the previous forecasts for total net sales.

For SG&A expenses excluding R&D, from the third quarter, operating expenses in North America are expected to increase. However, because of the appreciation of the yen, etc., the forecasts remain unchanged. For reasons including the yen's appreciation, etc., R&D expenses are expected to decrease compared to the previous forecasts.

Consequently, in the revised consolidated financial forecasts for the year ending March 31 2013, the Company anticipates that operating income increases by 3.0 billion yen to 25.0 billion yen, ordinary income increases by 3.0 billion yen to 24.0 billion yen and net income increases by 1.5 billion yen to 12.0 billion yen compared to the previous forecasts on May 10, 2012.

In addition, in light of recent currency movements, the forecast exchange rate for the year Ending March 31, 2013 has been changed to 80yen/US$1 (previously 83yen/US$1).

Note: Forecasts shown above are 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.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Assets		
Current assets:		
Cash and time deposits	12,953	19,873
Notes and accounts receivable	101,955	96,885
Marketable securities	99,118	87,787
Merchandise and finished goods	42,480	46,521
Work-in-process	2,591	2,616
Raw materials and supplies	13,045	14,175
Deferred tax assets	31,782	31,686
Short-term loans	25,000	25,000
Others	5,433	5,673
Allowance for doubtful receivables	(110)	(104)
Total current assets	334,250	330,114
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	91,115	91,684
Accumulated depreciation and impairment loss	(50,753)	(51,375)
Buildings and structures, net	40,361	40,309
Machinery, equipment and carriers	76,854	77,002
Accumulated depreciation and impairment loss	(66,997)	(67,358)
Machinery, equipment and carriers, net	9,856	9,643
Land	10,248	10,265
Construction in progress	2,121	2,336
Others	28,104	28,366
Accumulated depreciation and impairment loss	(23,994)	(24,262)
Others, net	4,109	4,103
Total property, plant and equipment	66,697	66,658
Intangible assets:		
Goodwill	64,311	67,287
Patent rights	32,524	31,907
In-process research and development	5,659	29,203
Others	5,211	5,134
Total intangible assets	107,706	133,532
Investments and other assets:		
Investment securities	29,855	29,697
Deferred tax assets	11,624	13,041
Others	9,331	9,225
Allowance for doubtful receivables	(55)	(54)
Total investments and other assets	50,755	51,909
Total fixed assets	225,159	252,100
Total assets	559,410	582,215

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	16,860	18,035
Current portion of long-term loans payable	10,000	10,000
Income taxes payable	5,437	3,878
Reserve for bonuses	7,592	3,697
Reserve for sales returns	3,657	4,367
Reserve for sales rebates	18,527	20,518
Accounts payable-other	30,009	23,859
Others	13,881	22,356
Total current liabilities	105,965	106,713
Long-term liabilities:		
Bonds payable	70,000	70,000
Long-term loans payable	48,000	45,500
Liability for retirement benefits	10,790	10,996
Others	5,427	17,733
Total long-term liabilities	134,217	144,230
Total liabilities	240,183	250,943
Net assets		
Shareholders' equity:		
Common stock	22,400	22,400
Capital surplus	15,860	15,860
Retained earnings	305,664	307,787
Treasury stock	(649)	(649)
Total shareholders' equity	343,275	345,398
Accumulated other comprehensive income (loss)		
Unrealized gains on available-for-sale securities, net of tax	8,016	7,977
Deferred gains or losses on hedges	—	(29)
Foreign currency translation adjustment	(32,064)	(22,074)
Total accumulated other comprehensive income (loss)	(24,047)	(14,126)
Total net assets	319,227	331,271
Total liabilities and net assets	559,410	582,215

(2) Consolidated Statements of (Comprehensive) Income

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	94,798	89,083
Cost of sales	25,784	25,215
Gross profit	69,013	63,868
Reversal of reserve for sales returns	－	4
Provision for reserve for sales returns	4	－
Gross profit-net	69,008	63,872
Selling, general and administrative expenses		
Salaries	9,048	8,821
Provision for reserve for bonuses	2,594	2,513
Research and development costs	13,636	14,061
Others	30,942	27,588
Total selling, general and administrative expenses	56,221	52,985
Operating income	12,787	10,886
Non-operating income		
Interest income	110	76
Dividend income	364	442
Others	492	627
Total non-operating income	968	1,145
Non-operating expenses		
Interest expense	308	271
Contribution	176	162
Others	115	110
Total non-operating expenses	600	544
Ordinary income	13,154	11,487
Extraordinary loss		
Business structure improvement expenses	－	1,081
Impairment loss	－	414
Total extraordinary loss	－	1,495
Income before income taxes and minority interests	13,154	9,991
Income taxes	5,068	4,292
Income before minority interests	8,086	5,699
Net income	8,086	5,699

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Income before minority interests	8,086	5,699
Other comprehensive income		
Unrealized gains or losses on available-for-sale securities, net of tax	(364)	(38)
Deferred gains or losses on hedges	−	(29)
Foreign currency translation adjustment	4,097	9,989
Total other comprehensive income	3,732	9,921
Comprehensive income	11,819	15,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,819	15,620
Comprehensive income attributable to minority interests	−	−

(3) Notes on Premise of Going Concern

Not applicable.

(4) Segment Information

Ⅰ 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.

Ⅱ Three months ended June 30, 2012

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	44,647	29,030	1,669	3,106	78,453	10,629	89,083
Intersegment sales and transfers	35	—	—	—	35	22	57
Total	44,682	29,030	1,669	3,106	78,488	10,651	89,140
Income (loss) of segment	17,596	4,392	624	1,379	23,993	943	24,937

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	23,993
Income of "Other Business"	943
Research and development costs*	(14,061)
Elimination of intersegment transactions	10
Operating income on consolidated statements of income	10,886

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

3. Information on impairment losses of fixed assets or goodwill etc. by reportable segment

(Significant impairment losses relating to fixed assets)

In the North America segment, an impairment loss is recorded for a part of in-process R&D. In-process R&D deemed to have little future profitability are evaluated in terms of collectability, and 414 million yen is recorded as an impairment loss.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.