

Supplementary Financial Data
for the Second Quarter of the Year Ending March 31, 2013

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October 31, 2012

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.

I. Consolidated Financial Highlights

1. Consolidated Statements of Income

(Billions of yen)

	FY2011	FY2012	Change (%)	FY2011	Change (%)	FY2012	Change (%)
	2Q	2Q		2Q		(Forecast)*3	
Net sales	178.0	178.7	0.4	350.4	(7.7)	348.0	(0.7)
Cost of sales	49.8	50.0	0.5	98.9	(10.2)	100.0	1.2
SG&A expenses	113.5	108.7	(4.2)	231.1	(3.1)	220.0	(4.8)
SG&A expenses less R&D costs	86.2	80.9	(6.2)	174.2	2.3	160.8	(7.7)
R&D costs	27.3	27.8	1.9	56.9	(16.5)	59.2	4.1
Operating income	14.7	20.0	35.7	20.4	(34.1)	28.0	37.2
Ordinary income	14.5	19.9	37.6	18.9	(34.0)	27.0	43.1
Net income	9.6	11.0	14.4	8.6	(48.6)	13.5	56.4

Notes *1: Cost of sales includes provision for (reversal of) reserve for sales returns.

*2: Change (%) represent ratio of changes from the corresponding period of the previous year.

*3: The forecasts released on July 27, 2012 have been revised.

EBITDA (Billions of yen)	35.2	40.8	59.9	63.0
Earnings per share (yen)	24.09	27.56	21.72	33.98
Return on equity (ROE)	2.9%	3.4%	2.7%	—
Payout ratio	37.4%	32.7%	82.9%	53.0%

2. Consolidated Statements of Cash Flows (Billions of yen)

	FY2011	FY2012
	2Q	2Q
Net cash provided by operating activities	34.1	28.4
Net cash used in investing activities	(6.3)	(46.8)
Net cash used in financing activities	(24.3)	(8.6)
Cash and cash equivalents at the end of period	86.2	65.8

DSP 35.5
U.S. Subsidiaries 23.2

3. Financial Results of U.S. Subsidiaries (Before Elimination)

(1) Excluding mainly amortization of patent rights and goodwill

(Billions of yen)

	FY2011	FY2012
	2Q	2Q
Net sales	58.3	64.1
Cost of sales	7.2	7.9
SG&A expenses	44.9	39.4
SG&A expenses less R&D costs	34.8	29.1
R&D costs	10.1	10.4
Operating income	6.2	16.8
Ordinary income	6.3	16.9
Extraordinary loss	—	1.1
Net income	4.0	10.0

(2) Mainly amortization of patent rights and goodwill

(Billions of yen)

	FY2011	FY2012
	2Q	2Q
Net sales	—	—
Cost of sales	—	—
SG&A expenses	14.3	16.0
Operating income	(14.3)	(16.0)
Ordinary income	(14.3)	(16.0)
Extraordinary loss	—	0.4
Net income	(9.7)	(10.9)

Note BBI results are included in the above

4. Currency Exchange Rates

(Billions of yen)

	FY2011 Jan - Jun Average rate	FY2012 Jan - Jun Average rate	FY2012 Forecast rate	Forex sensitivity (2012 Jan-Dec) (Impact of yen strength by 1yen/\$)	
Yen / USD	82.0	79.8	79.5	Net Sales	(1.4)
Yen / RMB	12.6	12.7	12.5	Operating Income	0.1

5. Capital Expenditures and Depreciation

(Billions of yen)

	FY2011 2Q	FY2012 2Q	Change	FY 2012	
				Forecast	Change
Capital expenditures (including intangible assets)	4.3	5.4	1.1	12.0	3.3
Depreciation and amortization	5.6	4.0	(1.6)	9.0	(2.5)

Notes 1: Excluding the amortization associated with acquisition of the U.S. Subsidiaries.

2: From FY2012 the method of depreciation for tangible fixed assets has been changed to the straight-line method.

Major capital expenditure projects for FY2012

(Continuing) Construction operation of new research building in Osaka Research Center: ¥3.5billion

(Total budget ¥8.7billion, plan to be completed in March 2013)

(New) Construction for the transfer of BBI: \$21million

(Total budget \$21million, plan to be completed in December 2012)

6. Valuations and accounting procedures by acquisition of SRD (September 2012)

(Billions of yen)

	Before purchase price allocation	After purchase price allocation (provisional)	Valuation differences	Accounting procedures (Amortization)
In-process R&D (Intangible Assets)	—	18.4	18.4	Capitalize (Amortize after approval)
Deferred tax liabilities (of the above)	—	(6.9)	(6.9)	—
Contingent consideration (discounted present value)	—	(8.3)	(8.3)	Recorded in the liabilities
Other assets & liabilities (Net)	0.0	1.3	1.3	—
Goodwill	—	3.3	3.3	Amortization for 20 years
Total	0.0	7.9	7.9	

Note The above amounts of purchase price allocation are provisional for the present.

(Reference) Statements of Income (Non-Consolidated) (Billions of yen)

	FY2011 2Q	FY2012 2Q	Change (%)	Group-to- parent ratio
Net sales	102.1	97.8	(4.2)	1.83
Cost of sales	29.2	29.3	0.3	
SG&A expenses	51.9	53.2	2.5	
SG&A expenses less R&D costs	32.9	31.5	(4.3)	
R&D costs	19.0	21.7	14.2	
Operating income	20.9	15.3	(27.1)	1.31
Ordinary income	21.0	15.7	(25.0)	1.27
Net income	14.4	10.2	(29.4)	1.08

Earnings per share (yen)	36.22	25.56
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II. Consolidated Statements of (Comprehensive) Income

1. Consolidated Statements of Income

(Billions of yen)

	FY2011 2Q (A)	FY2012		Change (%)	
		2Q (B)	(B)-(A)		
Net sales	178.0	178.7	0.7	0.4	North America Segment +3.3 (Including Impact of appreciation of the yen -1.6) Decrease in export of Meropen -2.6
Overseas sales	69.6	70.2	0.6	0.9	
[% of net sales]	39.1	39.3			
Cost of sales	49.8	50.0	0.3	0.5	
Gross profit	128.3	128.7	0.5	0.4	
SG&A expenses	113.5	108.7	(4.8)	(4.2)	Workforce reduction, etc. in U.S.
Labor costs	35.4	33.7	(1.7)	(4.8)	
Advertising and promotion costs	8.9	7.1	(1.9)	(21.1)	Decrease in U.S.
Sales promotion costs	6.4	4.7	(1.7)	(26.3)	Decrease in sales commissions due to contract termination
Other costs	35.4	35.4	(0.0)	(0.1)	
SG&A expenses less R&D costs	86.2	80.9	(5.3)	(6.2)	
R&D costs	27.3	27.8	0.5	1.9	
Operating income	14.7	20.0	5.3	35.7	
Non-operating income	1.4	1.5	0.1		
Non-operating expenses	1.7	1.5	(0.1)		
Ordinary income	14.5	19.9	5.4	37.6	
Extraordinary income	1.2	—	(1.2)		Sale of Tokyo Northern Office
Gain on sales of property, plant and equipment	1.2	—	(1.2)		
Extraordinary loss	—	1.5	1.5		Restructuring costs in U.S. subsidiary
Business structure improvement expenses	—	1.1	1.1		
Impairment loss	—	0.4	0.4		Impairment loss from in- process R&D
Income before income taxes and minority interests	15.7	18.4	2.7	17.2	
Income taxes	6.1	7.5	1.3		
Income before minority interests	9.6	11.0	1.4	14.4	
Net income	9.6	11.0	1.4	14.4	

Notes 1: Cost of sales includes provision for (reversal of) reserve for sales returns.

2: Overseas sales includes the sales of exports of non-Pharmaceutical products.

2. Consolidated Statements of Comprehensive Income (Loss)

(Billions of yen)

	FY2011 2Q	FY2012 2Q
Income before minority interests	9.6	11.0
Other comprehensive income (loss)	(1.5)	2.0
Unrealized gains (losses) on available-for-sale securities, net of tax	0.3	(0.8)
Foreign currency translation adjustment	(1.8)	2.8
Comprehensive income	8.1	12.9

3. Segment Information (FY2012 2Q)

(Billions of yen)

	Pharmaceuticals Business						Subtotal	Other Business*2	Total
	Japan	North America*1	Amortization	China	Other Regions				
Net sales	88.5	59.5	—	3.9	6.7	158.5	20.2	178.7	
Sales to customers	88.4	59.5	—	3.9	6.7	158.5	20.3	178.7	
Intersegment	0.1	—	—	—	—	0.1	(0.1)	—	
Cost of sales	23.8	6.1	—	0.9	3.6	34.4	15.7	50.0	
Gross profit	64.7	53.4	—	3.0	3.1	124.2	4.5	128.7	
SG&A expenses less R&D costs	31.0	29.2	16.0	1.6	0.2	78.0	2.9	80.9	
Income (Loss) of segment	33.7	24.1	(16.0)	1.4	2.9	46.2	1.6	47.8	
R&D costs*3							27.4	0.4	27.8
Operating income							18.8	1.2	20.0

Segment Information (FY2011 2Q)

(Billions of yen)

	Pharmaceuticals Business						Subtotal	Other Business*2	Total
	Japan	North America*1	Amortization	China	Other Regions				
Net sales	88.7	56.2	—	3.4	9.8	158.0	20.0	178.0	
Sales to customers	88.6	56.2	—	3.4	9.8	157.9	20.1	178.0	
Intersegment	0.1	—	—	—	—	0.1	(0.1)	—	
Cost of sales	22.3	5.9	—	0.9	5.1	34.3	15.5	49.8	
Gross profit	66.4	50.2	—	2.4	4.6	123.7	4.5	128.3	
SG&A expenses less R&D costs	32.5	34.9	14.3	1.5	0.2	83.4	2.9	86.2	
Income (Loss) of segment	33.9	15.4	(14.3)	0.9	4.5	40.4	1.6	42.0	
R&D costs*3							26.9	0.3	27.3
Operating income							13.4	1.3	14.7

Notes *1: Excluding amortization of patent rights and goodwill.

*2: Includes the elimination of intersegment transaction.

*3: In order to manage R&D costs globally, they are not included in each segment.

Segment Information (FY2012 Forecast)

(Billions of yen)

	Pharmaceuticals Business						Subtotal	Other Business*2	Total
	Japan	North America*1	Amortization	China	Other Regions				
Net sales	176.9	112.9	—	7.6	9.2	306.6	41.4	348.0	
Sales to customers	176.7	112.9	—	7.6	9.2	306.4	41.6	348.0	
Intersegment	0.2	—	—	—	—	0.2	(0.2)	—	
Cost of sales	48.1	13.5	—	1.8	4.6	68.0	32.0	100.0	
Gross profit	128.8	99.4	—	5.8	4.6	238.6	9.4	248.0	
SG&A expenses less R&D costs	63.0	62.0	25.5	3.8	0.4	154.7	6.1	160.8	
Income (Loss) of segment	65.8	37.4	(25.5)	2.0	4.2	83.9	3.3	87.2	
R&D costs*3							58.4	0.8	59.2
Operating income							25.5	2.5	28.0

Note The forecasts released on July 27, 2012 have been revised.

Segment Information (FY2011)

(Billions of yen)

	Pharmaceuticals Business						Subtotal	Other Business*2	Total
	Japan	North America*1	Amortization	China	Other Regions				
Net sales	180.1	108.4	—	6.5	15.2	310.3	40.1	350.4	
Sales to customers	179.9	108.4	—	6.5	15.2	310.1	40.3	350.4	
Intersegment	0.2	—	—	—	—	0.2	(0.2)	—	
Cost of sales	46.8	11.2	—	1.9	7.9	67.8	31.0	98.9	
Gross profit	133.3	97.2	—	4.6	7.3	242.4	9.1	251.5	
SG&A expenses less R&D costs	66.8	69.8	27.7	3.6	0.3	168.3	5.9	174.2	
Income (Loss) of segment	66.4	27.4	(27.7)	1.0	7.0	74.1	3.2	77.3	
R&D costs*3							56.2	0.7	56.9
Operating income							17.9	2.5	20.4

Notes *1: Excluding amortization of patent rights and goodwill.

*2: Includes the elimination of intersegment transaction.

*3: In order to manage R&D costs globally, they are not included in each segment.

4. Sales of Pharmaceuticals Business (Sales to customers)

(Billions of yen)

	FY2011 2Q (A)	FY2012 2Q (B)	(B)-(A)	Change (%)	FY2011		FY2012 (Forecast)	
					2nd Half	Full Year	2nd Half	Full Year
Japan	88.6	88.4	(0.2)	(0.2)	91.3	179.9	88.3	[178.5] 176.7
North America	56.2	59.5	3.3	5.8	52.3	108.4	53.4	[110.8] 112.9
China	3.4	3.9	0.6	17.7	3.2	6.5	3.7	[7.1] 7.6
Other Regions	9.8	6.7	(3.1)	(31.9)	5.4	15.2	2.5	9.2

5. Sales of Major Products

Japan

(Sales figures before reduction of rebates, Billions of yen)

Brand name (Generic name) Therapeutic indication	FY2011 2Q(A)	FY2012 2Q(B)	(B)-(A)	Change (%)	FY2011		FY2012 (Forecast)	
					2nd Half	Full Year	2nd Half	Full Year
AMLODIN® (amlodipine) Therapeutic agent for hypertension and angina pectoris	18.2	14.9	(3.3)	(18.3)	17.8	36.0	13.8	28.7
GASMOTIN® (mosapride citrate) Gastroprokinetic	10.4	10.1	(0.3)	(2.7)	10.8	21.2	9.9	[18.5] 20.0
PRORENAL® (limaprost alfadex) Vasodilator	7.8	7.3	(0.5)	(6.6)	7.7	15.5	7.4	[15.2] 14.7
AVAPRO® (irbesartan) Therapeutic agent for hypertension	4.9	5.8	0.9	17.7	5.8	10.7	6.3	[14.3] 12.1
LONASEN® (blonanserin) Atypical antipsychotic	5.0	5.4	0.4	8.8	4.9	9.8	5.9	[13.0] 11.3
MEROPEN® (meropenem) Carbapenem antibiotic	6.2	5.2	(0.9)	(15.3)	6.0	12.2	5.0	10.2
REPLAGAL® (agalsidase alfa) Anderson-Fabry disease drug	4.3	5.1	0.7	16.9	4.8	9.1	5.1	[10.0] 10.2
TRERIEF® (zonisamide) Parkinson's disease drug	2.5	3.4	0.9	37.0	2.8	5.3	3.8	[7.0] 7.2
EBASTEL® (ebastine) Antiallergic	2.6	2.3	(0.4)	(13.4)	4.0	6.6	3.4	[5.9] 5.7
AmBisome® (amphotericin B) Therapeutic agent for systemic fungal infection	2.2	2.2	0.0	0.8	2.3	4.5	2.6	4.8
EXCEGRAN® (zonisamide) Antiepileptic	1.7	1.6	(0.1)	(3.5)	1.6	3.3	1.6	[3.3] 3.2
DOPS® (droxidopa) Noradrenergic neural function	1.6	1.6	(0.1)	(3.4)	1.6	3.2	1.5	3.1
SUMIFERON® (interferon-α NAMALWA) Natural alpha interferon	2.0	1.4	(0.7)	(32.9)	1.6	3.6	1.2	[2.8] 2.6

(Reference)

MELBIN® (metformin) Biguanide oral hypoglycemic	0.8	—	(0.8)	—	—	0.8	—	—
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Japan (New Products)

METGLUCO® (metformin) Biguanide oral hypoglycemic (Launch: May 2010)	2.9	5.7	2.9	99.7	4.9	7.8	6.8	[11.9] 12.5
MIRIPLA® (miriplatin hydrate) Therapeutic agent for hepatocellular Carcinoma (Launch: Jan. 2010)	0.7	0.6	(0.1)	(15.9)	0.6	1.3	0.7	1.3
SUREPOST® (repaglinide) Rapid-acting insulin secretagogue (Launch: May 2011)	0.1	0.3	0.2	352.5	0.0	0.1	0.7	[2.2] 1.0

Note Figures in parentheses [] are forecasts released on July 27, 2012.

North America

(Billions of yen)

Brand name (Generic name) Therapeutic indication	FY2011 2Q (A)	FY2012 2Q (B)	(B)-(A)	Change (%)	FY2011		FY2012 (Forecast)	
					2nd Half	Full Year	2nd Half	Full Year
LUNESTA® (eszopiclone) Sedative hypnotic	21.4	22.2	0.7	3.4	20.6	42.1	21.4	43.6
XOPENEX® (levalbuterol HCl) Short-acting beta-agonist	17.7	14.9	(2.9)	(16.2)	15.7	33.4	8.7	[22.9] 23.6
LATUDA® (lurasidone) Atypical antipsychotic (Launch: Feb. 2011)	3.4	6.4	3.1	91.1	3.5	6.9	9.6	[15.2] 16.0
BROVANA® (arformoterol tartrate) Long-acting beta-agonist	5.1	6.1	1.0	20.1	5.1	10.2	6.7	12.8
ALVESCO® (ciclesonide) Inhaled corticosteroid	1.4	1.5	0.1	7.1	1.4	2.8	1.6	[3.5] 3.1
OMNARIS® (ciclesonide) Corticosteroid nasal spray	2.8	0.3	(2.5)	(89.9)	2.3	5.1	1.6	[0.9] 1.9
ZETONNA® (ciclesonide) Corticosteroid nasal spray (Launch: Jul. 2012)	—	—	—	—	—	—	0.8	[—] 0.8
Industrial property revenues	3.4	6.0	2.6	76.3	2.3	5.8	1.9	7.9

China

(Billions of yen)

Brand name (Generic name)	FY2011 2Q (A)	FY2012 2Q (B)	(B)-(A)	Change (%)	FY2011		FY2012 (Forecast)	
					2nd Half	Full Year	2nd Half	Full Year
MEROPEN® (meropenem)	2.9	3.3	0.4	12.7	2.6	5.5	2.9	[5.8] 6.2

Other Regions

(Billions of yen)

Brand name (Generic name)	FY2011 2Q (A)	FY2012 2Q (B)	(B)-(A)	Change (%)	FY2011		FY2012 (Forecast)	
					2nd Half	Full Year	2nd Half	Full Year
MEROPEN® (meropenem) (Export)	7.8	5.1	(2.8)	(35.3)	4.1	11.9	1.4	6.5
EXCEGRAN® (zonisamide) (Export)	0.7	0.9	0.2	26.0	0.5	1.2	0.6	[1.4] 1.5
GASMOTIN® (mosapride citrate) (Export)	0.5	0.4	(0.1)	(13.9)	0.3	0.8	0.3	0.7
Industrial property revenues	0.3	0.2	(0.1)	(42.0)	0.2	0.5	0.1	[0.4] 0.3

(Reference) Sales of Products in the North America Segment (based on local currency)

(Millions of dollars)

Brand name (Generic name)	Jan-Jun 2011(A)	Jan-Jun 2012(B)	(B)-(A)	Change (%)	Jan-Sep 2011	Jan-Sep 2012 (Unaudited)	Jan-Dec 2011 (Results)	Jan-Dec 2012 (Forecast)	
								[—]	[—]
LUNESTA® (eszopiclone)	261	278	17	6.3	404	419	528	[545]	548
XOPENEX® (levalbuterol HCl)	216	186	(30)	(13.9)	302	239	419	[286]	296
LATUDA® (lurasidone)	41	80	40	96.4	48	140	86	[190]	201
BROVANA® (arformoterol tartrate)	62	77	15	23.4	92	117	127	[160]	161
ALVESCO® (ciclesonide)	17	19	2	10.1	25	28	35	[44]	39
OMNARIS® (ciclesonide)	34	4	(31)	(89.6)	48	14	64	[12]	23
ZETONNA® (ciclesonide)	—	—	—	—	—	5	—	[—]	10
Industrial property revenues	42	76	34	81.2	56	85	72	[99]	100
Others	10	25	14	138.1	15	62	27	[49]	40
Total	685	745	60	8.8	990	1,109	1,359	[1,385]	1,419

Note Figures in parentheses [] are forecasts released on July 27, 2012.

III. Consolidated Balance Sheets

ASSETS

(Billions of yen)

	As of 2012/03/31 (A)	As of 2012/09/30 (B)	(B)-(A)
[Assets]	559.4	579.2	19.7
Current assets:	334.3	321.5	(12.7)
Cash and time deposits	13.0	20.2	7.2
Notes and accounts receivable	102.0	95.0	(7.0)
Marketable securities	99.1	84.0	(15.2)
Inventories	58.1	62.5	4.4
Deferred tax assets	31.8	30.1	(1.7)
Short-term loans	25.0	25.0	—
Others	5.4	4.9	(0.5)
Allowance for doubtful receivables	(0.1)	(0.1)	0.0
Fixed assets:	225.2	257.6	32.4
Property, plant and equipment:	66.7	68.5	1.8
Buildings and structures	40.4	39.8	(0.5)
Machinery, equipment and carriers	9.9	9.5	(0.4)
Land	10.2	10.3	0.0
Construction in progress	2.1	4.7	2.6
Others	4.1	4.2	0.1
Intangible assets:	107.7	142.3	34.6
Goodwill	64.3	67.1	2.8
Patent rights	32.5	23.8	(8.7)
In-process Research & Development	5.7	46.4	40.8
Others	5.2	4.9	(0.3)
Investments and other assets:	50.8	46.9	(3.9)
Investment securities	29.9	29.4	(0.4)
Deferred tax assets	11.6	8.2	(3.4)
Others	9.3	9.2	(0.1)
Allowance for doubtful receivables	(0.1)	(0.1)	0.0
Total assets	559.4	579.2	19.7

New research building in
Osaka Research Center

SRD +3.3
Amortization -1.9
Currency +1.3

Amortization -14.1
Transfer +4.7
Currency +0.7

BBI +27.4
SRD +18.4
Transfer -4.7
Currency +0.1
Impairment -0.4

Accounts receivable turnover period (in months) 3.49 3.19

LIABILITIES AND NET ASSETS

(Billions of yen)

	As of 2012/03/31 (A)	As of 2012/09/30 (B)	(B)-(A)
[Liabilities]	240.2	250.6	10.4
Current liabilities:	106.0	100.8	(5.2)
Notes and accounts payable	16.9	15.3	(1.6)
Current portion of long-term loans payable	10.0	10.0	—
Income taxes payable	5.4	6.7	1.3
Reserve for bonuses	7.6	7.2	(0.4)
Reserve for sales returns	3.7	5.0	1.3
Reserve for sales rebates	18.5	19.5	1.0
Accounts payable-other	30.0	23.3	(6.7)
Others	13.9	13.8	(0.0)
Long-term liabilities:	134.2	149.8	15.6
Bonds payable	70.0	70.0	—
Long-term loans payable	48.0	43.0	(5.0)
Deferred tax liabilities	0.3	11.4	11.0
Liability for retirement benefits	10.8	11.2	0.4
Others	5.1	14.3	9.2
[Net assets]	319.2	328.6	9.4
Shareholders' equity:	343.3	350.7	7.4
Common stock	22.4	22.4	—
Capital surplus	15.9	15.9	—
Retained earnings	305.7	313.0	7.4
Treasury stock	(0.6)	(0.6)	(0.0)
Accumulated other comprehensive income (loss):	(24.0)	(22.1)	2.0
Unrealized gains on available-for-sale securities, net of tax	8.0	7.2	(0.8)
Foreign currency translation adjustment	(32.1)	(29.3)	2.8
Total liabilities and net assets	559.4	579.2	19.7

Total interest-bearing debt -5.0
(128.0 → 123.0)

Deferred tax liabilities for in-process R&D from the acquisition of BBI

The contingent consideration recorded in the liabilities in accordance with the acquisition of SRD

Exchange Rates (\$) 77.7 → 79.3

IV. Quarterly Business Results

(Billions of yen)

	FY2011				FY2012	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	94.8	83.2	87.2	85.2	89.1	89.7
Cost of sales	25.8	24.0	24.2	24.9	25.2	24.8
SG&A expenses	56.2	57.3	55.4	62.2	53.0	55.7
SG&A expenses less R&D costs	42.6	43.7	42.0	46.1	38.9	42.0
R&D costs	13.6	13.7	13.4	16.2	14.1	13.7
Operating income (loss)	12.8	1.9	7.6	(1.9)	10.9	9.1
Non-operating income	1.0	0.5	0.6	0.1	1.1	0.3
Non-operating expenses	0.6	1.1	0.7	1.2	0.5	1.0
Ordinary income (loss)	13.2	1.3	7.5	(3.1)	11.5	8.4
Extraordinary income	—	1.2	0.0	—	—	—
Extraordinary loss	—	—	3.6	0.2	1.5	—
Income (Loss) before income taxes and minority interests	13.2	2.6	3.9	(3.3)	10.0	8.4
Net income (loss)	8.1	1.5	0.7	(1.6)	5.7	5.3

Note Cost of sales includes provision for (reversal of) reserve for sales returns.

V. Major consolidated subsidiaries (as of 2012/09/30)

Domestic	DSP Gokyo Food & Chemical Co., Ltd.	DS Pharma Animal Health Co., Ltd.	DS Pharma Biomedical Co., Ltd.
Establishment	October 1947	July 2010	June 1998
Fiscal year	March 31	March 31	March 31
Ownership	100%	100%	100%
Number of employees	148	101	62
Businesses	Manufacturing and sales of food ingredients, food additives, and chemical product materials	Manufacturing and sales of veterinary medicines, feedstuff, feed additives	Manufacturing and sales of diagnostics and research materials

Overseas	Sunovion Pharmaceuticals Inc.	Boston Biomedical, Inc.	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.
Establishment	January 1984	November 2006	December 2003
Fiscal year	December 31	December 31	December 31
Ownership	100%	100%	100%
Number of employees	2,016	31	662
Businesses	Manufacturing and sales of pharmaceuticals	R&D in the oncology area	Manufacturing and sales of pharmaceuticals

Number of employees (as of 2012/09/30):

7,535 (consolidated)
4,515 (non-consolidated)

Number of MRs (as of 2012/09/30):

Japan 1,420 (excluding managers) 1,620 (including managers)
U.S. 1,110 (excluding managers) 1,230 (including managers)
China 345 (excluding managers) 445 (including managers)

VI. Shareholder Positioning (As of September 30, 2012)

1. Total number of authorized shares: 1,500,000,000
2. Total number of shares outstanding: 397,900,154 (Including number of treasury stock 589,325)
3. Number of shareholders: 17,847

4. Major shareholders:

Shareholders	Status of ownership	
	Number of shares held (Thousand shares)	Percentage of shareholding (%)
Sumitomo Chemical Co., Ltd.	199,434	50.20
Inabata & Co., Ltd.	27,282	6.87
The Master Trust Bank of Japan, Ltd. (Trust account)	16,226	4.08
Nippon Life Insurance Company	10,013	2.52
Japan Trustee Services Bank, Ltd. (Trust account)	9,673	2.43
Japan Trustee Services Bank, Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	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 shareholders' association	4,501	1.13
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,711	0.68

Notes: *1: Percentage of shareholding is calculated excluding treasury stock (589,325 stocks).

*2: The numbers of shares held are rounded down to the nearest thousand shares.

VII. Development Pipeline (as of October 31, 2012)

Major Products under Development in Japan

Stage in JPN	Brand name/ Product code Formulation	Generic name	Proposed Indication	Origin	Remarks
Approved/ Waiting for NHI Price Listing	DSP-8153 Oral	amlodipine besilate / irbesartan	Hypertension	In-house	Approved in Sep. 2012 Brand name: AIMIX® Combination product
Submitted	SUREPOST® Oral	repaglinide	(New Indication) Type 2 diabetes Combination therapy with biguanide	Novo Nordisk	Submitted in Apr 2012 Approved indication: The reduction of postprandial blood glucose in patients with type 2 diabetes Monotherapy Combination with α-GI
			(New Indication) Type 2 diabetes Combination therapy with thiazolidine		
Phase III	AS-3201 Oral	ranirestat	Diabetic neuropathy	In-house	
	SM-13496 Oral	lurasidone hydrochloride	Schizophrenia	In-house	
	SUREPOST® Oral	repaglinide	(New Indication) Type 2 diabetes All combination therapies including DPP4 inhibitors	Novo Nordisk	Approved indication: The reduction of postprandial blood glucose in patients with type 2 diabetes Monotherapy Combination with α-GI
	METGLUCO® Oral	metformin hydrochloride	(Addition of pediatric usage) Type 2 diabetes Pediatric usage	Merck Santé	
	LONASEN® Oral	blonanserin	(Addition of pediatric usage) Schizophrenia	In-house	
	MEROPEN® Injection	meropenem hydrate	(Change of maximum dose) Purulent meningitis: 6g daily	In house	Approved maximum recommended dose: 3g daily for severe or refractory cases of infectious diseases
Phase II	SMP-986 Oral	afacifenacin fumarate	Overactive bladder	In-house	
	DSP-1747 Oral	obeticholic acid	Nonalcoholic steatohepatitis (NASH)	Intercept Pharmaceuticals	

Stage in JPN	Brand name/ Product code Formulation	Generic name	Proposed Indication	Origin	Remarks
Phase II	PRORENAL® Oral	limaprost alfadex	(New Indication Carpal-tunnel syndrome)	Joint research with Ono Pharmaceutical	Co-development with Ono Pharmaceutical. Approved indication: lumbar spinal canal stenosis, etc.
	LONASEN® Transdermal Patch	blonanserin	(New Formulation – Transdermal Patch) Schizophrenia	In-house	Co-development with Nitto Denko
Phase I/II	WT4869 Injection	TBD	Myelodysplastic syndromes	Joint research with Chugai Pharmaceutical	Co-development with Chugai Pharmaceutical
Phase I	DSP-3025 Collunarium	TBD	Bronchial asthma, Allergic rhinitis	In-house	
	WT4869 Injection	TBD	Solid cancer	Joint research with Chugai Pharmaceutical	Co-development with Chugai Pharmaceutical
	DSP-6952 Oral	TBD	IBS with constipation, Chronic idiopathic constipation	In-house	
	DSP-5990 Injection	ceftaroline fosamil	MRSA Infection	Takeda Pharmaceutical	
	DSP-9599 Oral	TBD	Hypertension	In-house	

[Main revisions since the 1Q announcement of July 2012]

AIMIX® (DSP-8153)

Change from Submitted to Approved/Waiting for NHI
Price Listing (Approved in September 2012)

DSP-1747

Change from Phase I to Phase II for Nonalcoholic
steatohepatitis (NASH)

Major Products under Development in Foreign Markets

Stage	Brand name/ Product code Formulation	Generic name	Proposed Indication	Origin	Country/ Area	Remarks
Submitted	STEDESA™ Oral	eslicarbazepin e acetate	Epilepsy Adjunctive therapy	BIAL	U.S.	NDA submitted in March 2009. Re-submitted in August 2012.
	Amrubicin hydrochloride Injection	amrubicin hydrochloride	Small cell lung cancer	In-house	China	Brand name in Japan: CALSED®
	LATUDA® Oral	lurasidone hydrochloride	(New Indication) Bipolar I Depression	In-house	U.S. and Canada	Submitted in August 2012. Approved for schizophrenia in the U.S and Canada
Phase III	STEDESA™ Oral	eslicarbazepin e acetate	Epilepsy Monotherapy	BIAL	U.S.	
	Blonanserin Oral	blonanserin	Schizophrenia	In-house	China	Brand name in Japan: LONASEN®
	LATUDA® Oral	lurasidone hydrochloride	(New Indication) Bipolar Maintenance	In-house	U.S. and Europe, etc.	Approved for schizophrenia in the U.S. and Canada
			(New Indication) MDD with mixed features		U.S.	
Phase III under preparation	BBI608 Oral	TBD	Colorectal cancer (2nd/3rd line) Monotherapy	In-house (BBI)	U.S., Canada	
Phase II	SMP-986 Oral	afacifenacin fumarate	Overactive bladder	In-house	U.S. and Europe	
	BBI608 Oral	TBD	Colorectal cancer (3rd/4th line) Combination therapy	In-house (BBI)	U.S., Canada	
	SUN-101 Inhalant	TBD	Chronic obstructive pulmonary disease (COPD)	In-house (Sunovion)	U.S., U.K	From the former Elevation Pharmaceuticals
	SEP-225289 Oral	TBD	Attention-deficit hyperactivity disorder (ADHD)	In-house (Sunovion)	U.S.	

Stage	Brand name/ Product code Formulation	Generic name	Proposed Indication	Origin	Country/ Area	Remarks
Phase I/II	BBI608 Oral	TBD	Solid cancer (2nd/3rd line) Combination therapy with paclitaxel	In-house (BBI)	U.S., Canada	
Phase I	DSP-8658 Oral	TBD	Type 2 diabetes, Alzheimer's disease	In-house	U.S.	
	DSP-1053 Oral	TBD	Major Depressive Disorder (MDD)	In-house	U.S.	
	DSP-2230 Oral	TBD	Neuropathic pain	In-house	U.K.	
	WT2725 Injection	TBD	Advanced cancer	Joint research with Chugai	U.S.	Co-development with Chugai Pharmaceutical
	BBI503 Oral	TBD	Solid cancer monotherapy	In-house (BBI)	U.S., Canada	
	SEP-363856 Oral	TBD	Schizophrenia	In-house (Sunovion)	U.S.	

[Main revisions since the 1Q announcement of July 2012]

ZETONNA® (Ciclesonide)
LATUDA® (lurasidone HCl)

Deleted due to launch in the U.S. (Launched in July 2012)
Launched in Canada (Schizophrenia) (Launched in September 2012)

NDA submitted for bipolar I depression in the U.S. and Canada.
(Submitted in August 2012)

STEDESAS™ (eslicarbazepine acetate)
Amrubicin hydrochloride

Re-submitted in the U.S. (Re-submitted in August 2012)
Changed from Phase III to submitted (Submitted in August 2012)

SUN-101
SEP-225289
SEP-363856
SEP-228432
DSP-0565

Newly added to Phase II (U.S. and U.K.)
Newly added to Phase II (U.S.)
Newly added to Phase I (U.S.)
Deleted due to discontinued development.
Deleted due to discontinued development.

Major Products under Development by Licensees

Generic / Product code (Brand name in JPN)	Proposed Indication	Status of development
AG-7352	Cancer	Out-licensed to Sunesis Pharmaceuticals Inc. for the worldwide territory in October 2003. Phase III study ongoing in North America by Sunesis (Sunesis' product code: SNS-595).
amrubicin hydrochloride (CALSED [®])	Small cell lung cancer	Out-licensed to Celgene (former Pharmion) for the U.S. and European territories in June 2005. Phase III study completed in the U.S. and Europe by Celgene.
ranirestat AS-3201	Diabetic neuropathy	Out-licensed to Eisai for the worldwide territory, excluding Japan, in September 2005. Phase II / III study ongoing in the U.S., Canada and Europe by Eisai.
droxidopa (DOPS [®])	Neurogenic orthostatic hypotension, Intradialytic hypotension, Fibromyalgia	Out-licensed to Chelsea Therapeutics for the worldwide territory, excluding Japan, China, Korea and Taiwan in May 2006. NDA submitted in the U.S. by Chelsea for neurogenic orthostatic hypotension in September 2011. Complete Response Letter received from FDA in March 2012. Phase III study for orthostatic hypotension in Europe and Phase II study of fibromyalgia in the UK are ongoing by Chelsea. Phase II study of intradialytic hypotension completed in the U.S. by Chelsea.
DSP-3025	Bronchial asthma, Allergic rhinitis	Entered into a development and marketing agreement in March 2005. AstraZeneca has the right for the worldwide territory, excluding Japan, China, Korea and Taiwan. Phase II study is ongoing in Europe by AstraZeneca (AstraZeneca's product code: AZD-8848).
lurasidone hydrochloride (SM-13496)	Schizophrenia Bipolar disorder	Entered into a license agreement with Takeda Pharmaceutical for co-development and exclusive commercialization for the European territory, excluding the U.K. in March 2011. Both companies are currently developing lurasidone in Europe. Takeda submitted an MAA in Switzerland for schizophrenia in March 2012. Takeda submitted an MAA in Europe for schizophrenia by the centralised authorisation procedure in September 2012.

[Main revisions since the announcement of July 2012]

Lurasidone hydrochloride (SM-13496)

Takeda submitted an MAA in Europe for schizophrenia by the centralised authorisation procedure. (Submitted in September 2012)

VIII. Profile of Major Products under Development (as of October 31, 2012)

AIMIX[®] (DSP-8153) Hypertension

- Developed in-house
- DSP-8153 has a 24-hour-lasting antihypertensive effect and is a combination product of irbesartan, a long-acting ARB (angiotensin II receptor antagonist) and amlodipine besilate, a calcium antagonist with a strong, sustained hypotensive effect. In clinical trials in Japan demonstrated the efficacy of DSP-8153 for patients with hypertension uncontrolled by usual doses of irbesartan or amlodipine besilate alone. Moreover, there are two doses for this combination product, irbesartan 100mg/ amlodipine 5mg and irbesartan 100mg/ amlodipine 10mg. This is the first combination product in Japan including 10mg of amlodipine.
- Development stage: Waiting for NHI price listing in Japan

STEDES[™] (eslicarbazepine acetate) Epilepsy

- In-licensed from BIAL Portela & C^a, S.A
- STEDESA, the proposed trade name for eslicarbazepine acetate, is a novel voltage-gated sodium channel blocker. STEDESA has been studied in Phase III, multi-center, randomized, placebo-controlled studies, which involved patients from 23 countries. Patients involved in the studies were required to have at least four partial-onset seizures per month despite treatment with one to three concomitant antiepileptic drugs. After a two-week titration period, patients were assessed over a 12-week maintenance period with continued follow-up over a one-year, open-label period. The target indication for STEDESA is for adjunctive use in adult patients with partial onset seizures. STEDESA is expected to be safe and tolerable, have clear dose-response correlation and marked and sustained seizure reduction.
- Development stage:
 - Epilepsy (adjunctive therapy): NDA submitted in March 2009 in the U.S.
Complete Response Letter received April 2010. Resubmitted NDA in August 2012.
 - Epilepsy (monotherapy): Phase III in the U.S.

LATUDA[®] (lurasidone hydrochloride) Schizophrenia, Bipolar disorder

- Developed in-house
- LATUDA[®] (lurasidone hydrochloride) is an atypical antipsychotic agent which is believed to have an affinity for dopamine D₂, serotonin 5-HT_{2A} and serotonin 5-HT₇ receptors where it has antagonist effects. In addition, LATUDA is a partial agonist at the serotonin 5-HT_{1A} receptor and has no appreciable affinity for histamine or muscarinic receptors. In the clinical trials supporting the U.S. FDA approval, the efficacy of LATUDA for the treatment of schizophrenia was established in four, short-term (6-week), placebo-controlled clinical studies in adult patients who met DSM-IV criteria for schizophrenia. In these studies, LATUDA demonstrated significantly greater improvement versus placebo on the primary efficacy measures [the Positive and Negative Syndrome Scale (PANSS) total score and the Brief Psychiatric Rating Scale-derived from PANSS (BPRSd)] at study endpoint. A total of five short-term placebo controlled clinical trials contributed to the understanding of the tolerability and safety profile of LATUDA. LATUDA was approved for the treatment of schizophrenia by the U.S. Food and Drug Administration (FDA) in October 2010, and launched by Sunovion in February 2011 in the U.S. Launched in Canada for the treatment of schizophrenia in September 2012.

- Development stage:
 - Schizophrenia: Submitted MAA (Europe: Co-development with Takeda Pharmaceutical) Phase III in Japan
In addition, Phase III study is ongoing in the U.S., Europe, etc. to test the hypothesis that LATUDA is effective in the long term maintenance treatment of schizophrenia.
 - Bipolar I Depression: Submitted in the U.S. and Canada.
In addition, plans to submit an MAA in Europe through Co-development with Takeda Pharmaceutical. (Phase III in Europe).
 - Bipolar Maintenance: Phase III in the U.S. and Europe, etc.
 - MDD with mixed features: Phase III in the U.S.

AS-3201 (ranirestat) Diabetic neuropathy

- Developed in-house
- AS-3201 is expected to alleviate diabetic neuropathy, a complication of diabetes, by inhibiting aldose reductase and thereby inhibiting the accumulation of intracellular sorbitol that causes diabetic neuropathy. This compound has a stronger inhibitory effect and is longer-acting compared to other drugs in this therapeutic area. Clinical studies have shown AS-3201 to have good penetration into nerve tissues, resulting in dose-dependent inhibition of intraneural accumulation of sorbitol and fructose. Based on the results of clinical studies, AS-3201 is expected to show improvement of neuronal function and symptoms related to diabetic neuropathy.
- AS-3201 was out-licensed to Eisai for the overseas territory in September 2005. Eisai is conducting Phase II / III studies in the U.S., Canada and Europe.
- Development stage: Phase III in Japan

BBI608 Colorectal cancer, Solid cancer

- Developed in-house (BBI)
- First-in class Molecular Targeted Drug (small molecular compound, oral agent). BBI608 is expected to have excellent efficacy in monotherapy and combination therapy with chemotherapy by inhibiting both growth of tumor cells and maintenance of cancer stem cells. Highly safe, easy-to-use with existing chemotherapy. No particular hematologic toxicity observed.
- Development stage:
 - Colorectal Cancer (2nd/3rd line, monotherapy): Phase III under preparation in the U.S. and Canada
 - Colorectal Cancer (3rd/4th line, combination therapy): Phase II in the U.S. and Canada
 - Solid Cancer (2nd/3rd line combination therapy with paclitaxel): Phase I/II in the U.S. and Canada

SMP-986 Overactive bladder

- Developed in-house
- SMP-986 possesses the dual pharmacological actions of muscarinic receptor antagonism (non-selective) and inhibition of the bladder afferent pathway through Na⁺-channel blockade. This compound is being evaluated for its ability to ease urinary urgency and reduce the frequency of both urination and incontinence. The compound has also exhibited the potential to have lower incidence of side effects related to muscarinic receptor antagonism, such as dry mouth.
- Development stage: Phase II in the U.S. and Europe. Phase II in Japan

DSP-1747 Primary biliary cirrhosis (PBC), Nonalcoholic steatohepatitis (NASH)

- In-licensed from Intercept Pharmaceuticals Inc. (Intercept's product code: INT-747)
- DSP-1747 is a agonist to farnesoid X receptor (FXR) whose ligand is the primary human bile acid

expected to be effective for IBS with constipation and chronic idiopathic constipation by increasing complete spontaneous bowel movement.

- Development stage: Phase I in Japan

DSP-5990 MRSA Infection

- In-licensed from Takeda Pharmaceutical Company Limited (Takeda's product code: TAK-599)
- DSP-5990 is a cephem antibiotic, and has strong activities against gram-positive bacteria including MRSA and multiply-resistant *Streptococcus pneumonia* and also gram-negative bacteria.
- In October 2010, approved in the U.S. by Forest Laboratories. In August 2012 approved in Europe by AstraZeneca .
- Development stage: Phase I in Japan

DSP-8658 Diabetes, Alzheimer's disease

- Developed in-house
- DSP-8658 is a novel PPAR α/γ modulator.
- Non-clinical studies suggest that DSP-8658 may offer advantages over marketed PPAR γ agonists, particularly with respect to improvements in lipid metabolism and incidence of fluid retention or body weight gain in the treatment of diabetes.
- DSP-8658 may also have the potential as a treatment for Alzheimer's disease as the compound may improve symptomatic cognitive decline and show disease modification with mechanism of reduction in β amyloid by impacting a number of different mechanisms in marketed compounds.
- Development stage: Phase I in the U.S.

DSP-9599 Hypertension

- Developed in-house
- DSP-9599 is an oral direct renin inhibitor for treatment of hypertension. Unlike the ACE inhibitors and ARBs, DSP-9599 decreases plasma renin activity and inhibits the production of angiotensin I, and all downstream angiotensin peptides in the RAS (rennin-angiotensin system) such as angiotensin II. DSP-9599 is expected to reduce blood pressure and protect organs at least as effectively as ACE inhibitors or ARBs.
- Development stage: Phase I in Japan.

DSP-1053 Major Depressive Disorder (MDD)

- Developed in-house
- DSP-1053 is a new antidepressant drug candidate that shows an inhibitory effect on serotonin transporter and modulatory effects on monoamine receptors. By these mechanisms, DSP-1053 has the potential to show early onset of action and efficacy on depression and anxiety.
- Development stage: Phase I in the U.S.

DSP-2230 Neuropathic Pain

- Developed in-house
- DSP-2230 is a novel compound that selectively inhibits voltage-gated sodium channels Nav1.7 and Nav1.8 with higher potencies than those against the other sodium channel subtypes studied. In addition, DSP-2230 has demonstrated antiallodynic effects in animal models of neuropathic pain that have been shown to be predictive of efficacy in humans. Due to its novel mechanism, DSP-2230 is expected not to produce CV or CNS side effects, which are present with the current drugs, such as non-selective sodium channel blockers and anti-epilepsy medicines.
- Development stage: Phase I in the U.K.

WT2725 Advanced cancer

- Co-development with Chugai Pharmaceutical
- WT2725 is a therapeutic cancer vaccine candidate using a peptide derived from Wilms' tumor gene 1 (WT1) protein. WT2725 is expected to treat patients with various types of hematologic and solid cancers that overexpress WT1, by the induction of WT1-specific cytotoxic T-lymphocytes.
- Development stage: Phase I in the U.S.

BBI503 Solid cancer

- Developed in-house (BBI)
- First-in class Molecular Targeted Drug (small molecular compound, oral agent). BBI503 is expected to have excellent efficacy in monotherapy and combination therapy with chemotherapy by inhibiting both growth of tumor cells and maintenance of cancer stem cells by a different mechanism to BBI608. Easy-to-use with existing chemotherapy, expected to be highly safe.
- Development stage: Solid Cancer (monotherapy) Phase I in the U.S. and Canada

SEP-363856 Schizophrenia

- Developed in-house (Sunovion)
- SEP-363856 is an antipsychotic with a novel mechanism of action. Compared to existing antipsychotics that are effective for positive symptoms of schizophrenia, this also shows efficacy for the negative symptoms. Even in combination treatment with atypical antipsychotics, extrapyramidal side effects were not observed. High efficacy and improved QOL are expected for the treatment for schizophrenia.
- Development stage: Phase I in the U.S.