



Summary of Interim Consolidated Financial Results for the Year Ending March 31, 2008 (Unaudited)

November 7, 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>)
 Filing date of Half-Year Financial Report: December 14, 2007
 Starting date of dividend payments: December 3, 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.

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2007

(1) Results of Operations

	Net sales		Operating income		Recurring income	
	Yen Million	% change	Yen Million	% change	Yen million	% change
Six months ended September 30, 2007	128,741	1.4	22,316	9.0	22,172	13.3
Six months ended September 30, 2006	126,934	49.8	20,473	127.7	19,563	130.8
Year ended March 31, 2007	261,213	—	45,554	—	43,181	—

	Net income		Earnings per share	Earnings per share (diluted)
	Yen Million	% change		
Six months ended September 30, 2007	13,797	45.5	¥34.71	—
Six months ended September 30, 2006	9,480	137.1	¥23.84	—
Year ended March 31, 2007	22,605	—	¥56.86	—

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates

Six months ended September 30, 2007 : —
 Six months ended September 30, 2006 : —
 Year ended March 31, 2007 : —

Note: The percentages shown above represent ratio of changes from the figures for the corresponding period of the previous fiscal year.

(2) Financial Position

(millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
September 30, 2007	384,157	313,834	81.4%	¥787.17
September 30, 2006	364,900	295,055	80.6%	¥739.93
March 31, 2007	382,535	306,012	79.8%	¥767.52

Reference: Shareholders' Equity (millions of yen)

September 30, 2007 : 312,856 September 30, 2006 : 294,167

March 31, 2007 : 305,090

(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
Six months ended September 30, 2007	17,744	(49,696)	(3,255)	46,585
Six months ended September 30, 2006	22,553	(10,924)	(4,559)	78,388
Year ended March 31, 2007	37,871	(19,687)	(7,780)	81,722

2. Dividends

	Dividends per share		
	Interim	Year-End	Annual
Year ended March 31, 2007	¥7.00	¥7.00	¥14.00
Year ending March 31, 2008	¥9.00		¥18.00
Year ending March 31, 2008(Forecast)		¥9.00	

3. Consolidated Financial Forecast for the Year Ending March 31, 2008

(millions of yen)

	Net sales	Operating income	Recurring income	Net income	Earnings per share
Year ending March 31, 2008	267,000	41,000	40,200	24,700	¥62.15

Note : 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. The above figures are modified from those announced on May 10, 2007.

4. Basis of Preparing the Consolidated Financial Statements

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

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

① *Changes due to adoption of new accounting standards: Yes*

② *Other changes: None*

(3) *Number of shares outstanding (Common stock) at end of period*

① *Number of shares outstanding (Including treasury stock)*

Six months ended September 30, 2007 : 397,900,154

Six months ended September 30, 2006 : 397,900,154

Year ended March 31, 2007 : 397,900,154

② *Number of treasury stock*

Six months ended September 30, 2007 : 453,498

Six months ended September 30, 2006 : 336,091

Year ended March 31, 2007 : 398,980

Financial Information

(1) Interim Consolidated Balance Sheets

ASSETS		(Millions of yen)					
	As of September 30, 2006		As of September 30, 2007 (A)		As of March 31, 2007 (B)		Increase (Decrease) (A)-(B)
		%		%		%	
Current assets:	219,297	60.1	237,781	61.9	234,313	61.3	3,467
Cash and time deposits	55,413		40,596		55,765		(15,169)
Notes and accounts receivable	81,135		85,173		88,768		(3,594)
Marketable securities	24,975		8,987		27,962		(18,975)
Inventories	43,436		46,836		44,954		1,881
Deferred tax assets	10,539		11,403		10,442		960
Short-term loans	—		40,000		—		40,000
Others	4,003		5,089		6,645		(1,555)
Allowance for doubtful receivables	(207)		(305)		(225)		(79)
Fixed assets:	145,603	39.9	146,375	38.1	148,221	38.7	(1,845)
Property, plant and equipment	67,788	18.6	64,927	16.9	65,241	17.1	(313)
Buildings and structures	38,266		36,739		37,436		(697)
Machinery, equipment and carriers	12,561		11,176		11,292		(116)
Land	9,988		9,975		9,975		—
Construction in progress	2,132		2,494		1,945		549
Others	4,839		4,540		4,590		(49)
Intangible fixed assets	5,819	1.6	6,354	1.7	6,702	1.7	(348)
Investments and other assets	71,995	19.7	75,093	19.5	76,277	19.9	(1,183)
Investment securities	49,777		48,087		52,026		(3,938)
Deferred tax assets	36		5		4		1
Others	22,524		27,325		24,615		2,709
Allowance for doubtful receivables	(342)		(325)		(368)		43
Total assets	364,900	100.0	384,157	100.0	382,535	100.0	1,621

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of September 30, 2006		As of September 30, 2007 (A)		As of March 31, 2007 (B)		Increase (Decrease) (A)-(B)
		%		%		%	
Liabilities	69,845	19.1	70,322	18.3	76,522	20.0	(6,200)
Current liabilities:	50,878	13.9	56,130	14.6	56,038	14.6	91
Notes and accounts payable	15,487		15,136		18,036		(2,899)
Current portion of Long-term debt	—		4,600		—		4,600
Income taxes payable	6,695		7,872		8,220		(348)
Reserve for bonuses	7,280		7,191		8,036		(844)
Reserve for sales returns	120		128		121		6
Reserve for sales rebates	375		440		490		(49)
Reserve for expenses related to litigation	—		1,010		1,010		—
Others	20,919		19,750		20,124		(373)
Long-term liabilities:	18,966	5.2	14,192	3.7	20,484	5.4	(6,291)
Long-term debt	4,600		—		4,600		(4,600)
Deferred tax liabilities	435		937		2,093		(1,155)
Reserve for retirement benefits	8,021		8,306		8,169		137
Reserve for directors' retirement benefits	46		31		51		(20)
Others	5,863		4,917		5,570		(652)
Net assets	295,055	80.9	313,834	81.7	306,012	80.0	7,822
Shareholders' equity	277,008	75.9	298,303	77.6	287,262	75.1	11,040
Common stock	22,400	6.1	22,400	5.8	22,400	5.9	—
Capital surplus	15,860	4.4	15,860	4.1	15,860	4.1	(0)
Retained earnings	239,139	65.5	260,587	67.8	249,481	65.2	11,105
Treasury stock	(391)	(0.1)	(544)	(0.1)	(479)	(0.1)	(65)
Valuation, transaction adjustments and others	17,158	4.7	14,553	3.8	17,827	4.7	(3,274)
Unrealized gains on available-for-sale securities	17,158	4.7	14,553	3.8	17,827	4.7	(3,274)
Minority interests	887	0.3	977	0.3	921	0.2	56
Total liabilities and net assets	364,900	100.0	384,157	100.0	382,535	100.0	1,621

(2) Interim Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2006 (A)		Six months ended September 30, 2007 (B)		Increase (Decrease) (B)-(A)		Year ended March 31, 2007	
		%		%		%		%
Net sales	126,934	100.0	128,741	100.0	1,806	1.4	261,213	100.0
Cost of sales	48,069	37.9	48,160	37.4	91	0.2	99,337	38.0
Gross profit	78,864	62.1	80,580	62.6	1,715	2.2	161,875	62.0
Provision for reserve for sales returns	6	0.0	6	0.0	0		8	0.0
Net gross profit	78,858	62.1	80,573	62.6	1,715	2.2	161,867	62.0
Selling, general and administrative expenses	58,384	46.0	58,256	45.3	(128)	(0.2)	116,312	44.6
Operating income	20,473	16.1	22,316	17.3	1,843	9.0	45,554	17.4
Non-operating income:	1,093	0.9	1,531	1.2	437		1,887	0.7
Non-operating expenses:	2,003	1.6	1,675	1.3	(328)		4,261	1.6
Recurring income	19,563	15.4	22,172	17.2	2,609	13.3	43,181	16.5
Extraordinary expenses:	3,549	2.8	—	—	(3,549)		4,765	1.8
Additional retirement expense	2,938		—				2,938	
Loss on revision of the retirement benefit plans	611		—				611	
Expense related to litigation	—		—				1,010	
Loss on impairment of fixed assets	—		—				205	
Income before income taxes and minority interests	16,013	12.6	22,172	17.2	6,159	38.5	38,415	14.7
Income taxes:								
Current	5,008	3.9	8,246	6.4	3,237		12,046	4.6
Deferred	1,492	1.2	58	0.0	(1,433)		3,705	1.4
Minority interests	32	0.0	70	0.1	37		58	0.0
Net income	9,480	7.5	13,797	10.7	4,317	45.5	22,605	8.7

(3) Interim Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2006

(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			(2,783)		(2,783)
Directors' bonuses			(42)		(42)
Net income			9,480		9,480
Purchases of treasury stock				(63)	(63)
Sales of treasury stock		0		2	2
Changes in items other than shareholders' equity (net)					
Total	—	0	6,653	(61)	6,592
As of September 30, 2006	22,400	15,860	239,139	(391)	277,008

(Millions of yen)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, transaction adjustments and others		
As of March 31, 2006	17,348	17,348	869	288,633
Changes during the period				
Cash dividends				(2,783)
Directors' bonuses				(42)
Net income				9,480
Purchases of treasury stock				(63)
Sales of treasury stock				2
Changes in items other than shareholders' equity (net)	(189)	(189)	18	(171)
Total	(189)	(189)	18	6,421
As of September 30, 2006	17,158	17,158	887	295,055

Six months ended September 30, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2007	22,400	15,860	249,481	(479)	287,262
Changes during the period					
Cash dividends			(2,782)		(2,782)
Net income			13,797		13,797
Purchases of treasury stock				(72)	(72)
Sales of treasury stock		(0)		7	6
Increase due to changes in scope of consolidation			90		90
Changes in items other than shareholders' equity (net)					
Total	—	(0)	11,105	(65)	11,040
As of September 30, 2007	22,400	15,860	260,587	(544)	298,303

(Millions of yen)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, transaction adjustments and others		
As of March 31, 2007	17,827	17,827	921	306,012
Changes during the period				
Cash dividends				(2,782)
Net income				13,797
Purchases of treasury stock				(72)
Sales of treasury stock				6
Increase due to changes in scope of consolidation				90
Changes in items other than shareholders' equity (net)	(3,274)	(3,274)	56	(3,218)
Total	(3,274)	(3,274)	56	7,822
As of September 30, 2007	14,553	14,553	977	313,834

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 year					
Cash dividends			(5,566)		(5,566)
Directors' bonuses			(42)		(42)
Net income			22,605		22,605
Purchases 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	Total valuation, transaction adjustments and others		
As of March 31, 2006	17,348	17,348	869	288,633
Changes during the year				
Cash dividends				(5,566)
Directors' bonuses				(42)
Net income				22,605
Purchases 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

(4) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	16,013	22,172	38,415
Depreciation and amortization	5,798	5,745	12,008
Provision for reserve for retirement benefits, less payments	(2,556)	(618)	(3,908)
Provision for other reserves	(949)	(967)	981
Interest and dividend income	(493)	(818)	(986)
Interest expense	50	62	108
Loss on revision of the retirement benefit plans	611	—	611
Decrease (increase) in notes and accounts receivable	33,367	3,588	25,735
Decrease (increase) in inventories	680	(414)	(837)
Increase (decrease) in notes and accounts payable	(23,206)	(2,095)	(20,657)
Other, net	(280)	(1,007)	(2,276)
Subtotal	29,034	25,646	49,192
Interest and dividend received	496	721	968
Interest paid	(23)	(29)	(52)
Income taxes paid	(6,953)	(8,594)	(12,236)
Net cash provided by operating activities	22,553	17,744	37,871
Cash flows from investing activities:			
Increase in time deposits	(6,000)	(3,000)	(7,000)
Decrease in time deposits	1,000	—	2,000
Purchases of tangible fixed assets	(4,444)	(2,470)	(7,410)
Purchases of intangible fixed assets	—	(1,820)	(2,346)
Purchases of investment securities	(1,258)	(3,236)	(5,259)
Collection of long-term loans	918	—	934
Net decrease (increase) in short-term loans	920	(40,000)	(500)
Other, net	(2,060)	830	(105)
Net cash used in investing activities	(10,924)	(49,696)	(19,687)
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	(1,032)	(400)	(1,370)
Repayment of long-term debt	(675)	—	(688)
Net decrease (increase) in treasury stock	(60)	(65)	(149)
Dividends paid	(2,782)	(2,782)	(5,565)
Dividends paid to minority shareholders	(7)	(7)	(7)
Net cash used in financing activities	(4,559)	(3,255)	(7,780)
Net increase (decrease) in cash and cash equivalents	7,069	(35,208)	10,403
Cash and cash equivalents at beginning of year	71,318	81,722	71,318
Increase in cash and cash equivalents due to changes in scope of consolidation	—	70	—
Cash and cash equivalents at end of period	78,388	46,585	81,722

(5) Segment Information

Business segment information

Six months ended September 30, 2006

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	100,291	26,642	126,934	—	126,934
Inter-segment sales and transfers	—	—	—	—	—
Total	100,291	26,642	126,934	—	126,934
Operating expenses	80,476	25,984	106,460	—	106,460
Operating income	19,815	657	20,473	—	20,473

Six months ended September 30, 2007

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	101,974	26,766	128,741	—	128,741
Inter-segment sales and transfers	—	—	—	—	—
Total	101,974	26,766	128,741	—	128,741
Operating expenses	80,220	26,203	106,424	—	106,424
Operating income	21,753	563	22,316	—	22,316

Year ended March 31, 2007

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	206,259	54,953	261,213	—	261,213
Inter-segment sales and 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

(Notes)

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

2. The major 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 Gastrointestinal drugs
Other products	Animal health products Feeds and feed additives Food additives Diagnostics Other products

Geographical segment information

Geographical segment information are not disclosed because none of consolidated subsidiaries are located outside Japan.

Overseas sales

Six months ended September 30, 2007

(Millions of yen)

Overseas sales	11,939
Consolidated net sales	128,741
Overseas sales as a percentage of consolidated net sales	9.3%

(Notes) We stated overseas sales because we considered it more necessary to disclose it.