



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

May 9, 2008

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>)
 Date of Annual Shareholders' Meeting: June 27, 2008
 Starting date of dividend payments: June 30, 2008
 Filing date of Financial Report: June 27, 2008

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

1. Consolidated Financial Results for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(1) Results of Operations

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

	Net sales		Operating income		Recurring income	
	Yen million	% Change	Yen million	% Change	Yen million	% Change
Year ended March 31, 2008	263,992	1.1	39,813	(12.6)	37,657	(12.8)
Year ended March 31, 2007	261,213	6.3	45,554	57.7	43,181	58.5

	Net income		Earnings per share	Earnings per share (diluted)	Net income / Shareholders' equity (ROE)	Recurring income / Total assets	Operating income / Net sales
	Yen million	% Change					
Year ended March 31, 2008	25,591	13.2	¥64.39	—	8.2%	9.6%	15.1%
Year ended March 31, 2007	22,605	47.0	¥56.86	—	7.6%	11.1%	17.4%

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates

Year ended March 31, 2008 : —

Year ended March 31, 2007 : —

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

(2) Financial Position

(millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
March 31, 2008	399,790	318,277	79.6%	¥800.63
March 31, 2007	382,535	306,012	79.8%	¥767.52

Reference: Shareholders' Equity (millions of yen)

Year ended March 31, 2008 : 318,194

Year ended 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
Year ended March 31, 2008	32,509	(50,955)	(6,947)	56,259
Year ended March 31, 2007	37,871	(19,687)	(7,780)	81,722

2. Dividends

	Dividends per share			Dividends paid for the year (million)	Payout ratio	Dividends to net assets ratio
	Interim	Year-End	Annual			
Year ended March 31, 2007	¥7.00	¥7.00	¥14.00	¥5,565	24.6%	1.9%
Year ended March 31, 2008	¥9.00	¥9.00	¥18.00	¥7,153	28.0%	2.3%
Year ending March 31, 2009 (Forecast)	¥9.00	¥9.00	¥18.00		38.7%	

**3. Consolidated Financial Forecast for the Year Ending March 31, 2009
(April 1, 2008 to March 31, 2009)**

	Net sales		Operating income		Recurring income	
	Yen million	% Change	Yen million	% Change	Yen million	% Change
Six months ending September 30, 2008	132,600	3.0	14,600	(34.6)	14,600	(34.2)
Year ending March 31, 2009	266,000	0.8	30,500	(23.4)	30,500	(19.0)

	Net income		Earnings per share
	Yen million	% Change	
Six months ending September 30, 2008	8,800	(36.2)	¥22.14
Year ending March 31, 2009	18,500	(27.7)	¥46.55

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

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

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 year

① Number of shares outstanding (Including treasury stock)

Year ended March 31, 2008 : 397,900,154

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

② Number of treasury stock

Year ended March 31, 2008 : 472,642

Year ended March 31, 2007 : 398,980

Financial Information

(1) Consolidated Balance Sheets

ASSETS		(Millions of yen)			
	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
		%		%	
Current assets:	234,313	61.3	251,063	62.8	16,749
Cash and time deposits	55,765		28,168		(27,596)
Notes and accounts receivable	88,768		86,363		(2,404)
Marketable securities	27,962		30,086		2,124
Inventories	44,954		48,523		3,569
Deferred tax assets	10,442		13,356		2,914
Short-term loans	—		40,000		40,000
Others	6,645		4,864		(1,781)
Allowance for doubtful receivables	(225)		(301)		(75)
Fixed assets:	148,221	38.7	148,727	37.2	505
Property, plant and equipment:	65,241	17.1	70,279	17.6	5,038
Buildings and structures	37,436		39,776		2,339
Machinery, equipment and carriers	11,292		10,052		(1,240)
Land	9,975		9,975		—
Construction in progress	1,945		6,170		4,225
Others	4,590		4,304		(285)
Intangible fixed assets	6,702	1.7	5,849	1.5	(853)
Investments and other assets:	76,277	19.9	72,598	18.1	(3,679)
Investment securities	52,026		44,340		(7,686)
Deferred tax assets	4		1,623		1,619
Others	24,615		26,943		2,327
Allowance for doubtful receivables	(368)		(309)		59
Total assets	382,535	100.0	399,790	100.0	17,255

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
		%		%	
Liabilities	76,522	20.0	81,513	20.4	4,990
Current liabilities:	56,038	14.6	67,914	17.0	11,876
Notes and accounts payable	18,036		16,499		(1,536)
Current portion of Long-term debt	—		4,600		4,600
Income taxes payable	8,220		10,862		2,641
Reserve for bonuses	8,036		8,214		178
Reserve for sales returns	121		120		(1)
Reserve for sales rebates	490		458		(31)
Reserve for expenses related to litigation	1,010		1,054		44
Other accounts payable	—		22,840		22,840
Others	20,124		3,264		(16,859)
Long-term liabilities:	20,484	5.4	13,598	3.4	(6,885)
Long-term debt	4,600		—		(4,600)
Deferred tax liabilities	2,093		—		(2,093)
Reserve for retirement benefits	8,169		8,797		628
Reserve for directors' retirement benefits	51		34		(17)
Others	5,570		4,766		(803)
Net assets	306,012	80.0	318,277	79.6	12,265
Shareholders' equity:	287,262	75.1	306,503	76.7	19,240
Common stock	22,400	5.9	22,400	5.6	—
Capital surplus	15,860	4.1	15,860	4.0	(0)
Retained earnings	249,481	65.2	268,800	67.2	19,318
Treasury stock	(479)	(0.1)	(557)	(0.1)	(77)
Valuation, translation adjustments and others:	17,827	4.7	11,690	2.9	(6,136)
Unrealized gains on available-for-sale securities	17,827	4.7	11,690	2.9	(6,136)
Minority interests	921	0.2	83	0.0	(838)
Total liabilities and net assets	382,535	100.0	399,790	100.0	17,255

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2008		Increase (Decrease)	
		%		%		%
Net sales	261,213	100.0	263,992	100.0	2,779	1.1
Cost of sales	99,337	38.0	99,386	37.6	48	0.0
Gross profit	161,875	62.0	164,606	62.4	2,730	1.7
Reversal of (Provision for) reserve for sales returns	(8)	(0.0)	1	0.0	9	
Net gross profit	161,867	62.0	164,607	62.4	2,740	1.7
Selling, general and administrative expenses	116,312	44.6	124,794	47.3	8,481	7.3
Operating income	45,554	17.4	39,813	15.1	(5,741)	(12.6)
Non-operating income	1,887	0.7	3,091	1.2	1,203	
Non-operating expenses	4,261	1.6	5,247	2.0	986	
Recurring income	43,181	16.5	37,657	14.3	(5,523)	(12.8)
Extraordinary income:	—	—	3,799	1.4	3,799	
Gain on sales of investment securities	—		3,799			
Extraordinary expenses:	4,765	1.8	—	—	(4,765)	
Additional retirement expense	2,938		—			
Expense related to litigation	1,010		—			
Loss on revision of the retirement benefit plans	611		—			
Loss on impairment of fixed assets	205		—			
Income before income taxes and minority interests	38,415	14.7	41,457	15.7	3,041	7.9
Income taxes:						
Current	12,046	4.6	18,243	6.9	6,197	
Deferred	3,705	1.4	(2,453)	(0.9)	(6,159)	
Minority interests	58	0.0	75	0.0	17	
Net income	22,605	8.7	25,591	9.7	2,986	13.2

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2006	22,400	15,860	232,485	(329)	270,415
Changes during the 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, translation adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, translation 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

Year ended March 31, 2008

(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 year					
Cash dividends			(6,359)		(6,359)
Net income			25,591		25,591
Purchases of treasury stock				(103)	(103)
Sales of treasury stock		(0)	(4)	25	20
Increase due to changes in scope of consolidation			90		90
Changes in items other than shareholders' equity (net)					
Total	—	(0)	19,318	(77)	19,240
As of March 31, 2008	22,400	15,860	268,800	(557)	306,503

(Millions of yen)

	Valuation, translation adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, translation adjustments and others		
As of March 31, 2007	17,827	17,827	921	306,012
Changes during the year				
Cash dividends				(6,359)
Net income				25,591
Purchases of treasury stock				(103)
Sales of treasury stock				20
Increase due to changes in scope of consolidation				90
Changes in items other than shareholders' equity (net)	(6,136)	(6,136)	(838)	(6,974)
Total	(6,136)	(6,136)	(838)	12,265
As of March 31, 2008	11,690	11,690	83	318,277

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Cash flows from operating activities:		
Income before income taxes and minority interests	38,415	41,457
Depreciation and amortization	12,008	11,870
Provision for reserve for retirement benefits, less payments	(3,908)	(1,208)
Provision for other reserves	981	93
Interest and dividend income	(986)	(1,529)
Interest expense	108	127
Loss on revision of the retirement benefit plans	611	—
Loss on impairment of fixed assets	205	—
Gain on sales of investment securities	—	(3,799)
Loss on disposal of property, plant and equipment	200	—
Decrease (increase) in notes and accounts receivable	25,735	2,398
Decrease (increase) in inventories	(837)	(2,102)
Increase (decrease) in notes and accounts payable	(20,657)	(732)
Other, net	(2,683)	284
Subtotal	49,192	46,857
Interest and dividend received	968	1,359
Interest paid	(52)	(64)
Income taxes paid	(12,236)	(15,642)
Net cash provided by operating activities	37,871	32,509
Cash flows from investing activities:		
Increase in time deposits	(7,000)	(6,000)
Decrease in time deposits	2,000	5,000
Purchases of marketable securities	(1,016)	—
Proceeds from sales of marketable securities	1,000	2,000
Purchases of property, plant and equipment	(7,410)	(7,112)
Purchases of intangible fixed assets	(2,346)	(2,532)
Purchases of investment securities	(5,259)	(6,509)
Proceeds from sales of investment securities	—	3,954
Proceeds from redemption of investment securities	1,000	1,000
Payment for acquisition of shares of a subsidiary	—	(839)
Collection of long-term loans	934	—
Net decrease (increase) in short-term loans	(500)	(40,000)
Other, net	(1,089)	84
Net cash used in investing activities	(19,687)	(50,955)
Cash flows from financing activities:		
Net increase (decrease) in short-term bank loans	(1,370)	(500)
Repayment of long-term debt	(688)	—
Net decrease (increase) in treasury stock	(149)	(82)
Dividends paid	(5,565)	(6,357)
Dividends paid to minority shareholders	(7)	(7)
Net cash used in financing activities	(7,780)	(6,947)
Effect of exchange rate changes on cash and cash equivalents	—	(140)
Net increase (decrease) in cash and cash equivalents	10,403	(25,534)
Cash and cash equivalents at beginning of year	71,318	81,722
Increase in cash and cash equivalents due to changes in scope of consolidation	—	70
Cash and cash equivalents at end of year	81,722	56,259

(5) Segment Information

Business segment information

Year ended March 31, 2007

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
I 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
II Identifiable assets, depreciation, impairment loss and capital expenditures					
Identifiable assets	218,792	24,628	243,421	139,113	382,535
Depreciation	10,964	359	11,323	—	11,323
Impairment loss	205	—	205	—	205
Capital expenditures	9,237	305	9,542	—	9,542

Year ended March 31, 2008

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	208,665	55,327	263,992	—	263,992
Inter-segment sales and transfers	—	—	—	—	—
Total	208,665	55,327	263,992	—	263,992
Operating expenses	169,932	54,246	224,179	—	224,179
Operating income	38,733	1,080	39,813	—	39,813
II Identifiable assets, depreciation and capital expenditures					
Identifiable assets	223,165	21,207	244,373	155,417	399,790
Depreciation	10,860	263	11,123	—	11,123
Capital expenditures	15,114	375	15,490	—	15,490

(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

Year ended March 31, 2008

(Millions of yen)

Overseas sales	24,520
Consolidated net sales	263,992
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.