



Third Quarter Financial Results for FY2010 (Apr. 1 to Dec. 31, 2010)

February 3, 2011

Dainippon Sumitomo Pharma Co., Ltd.

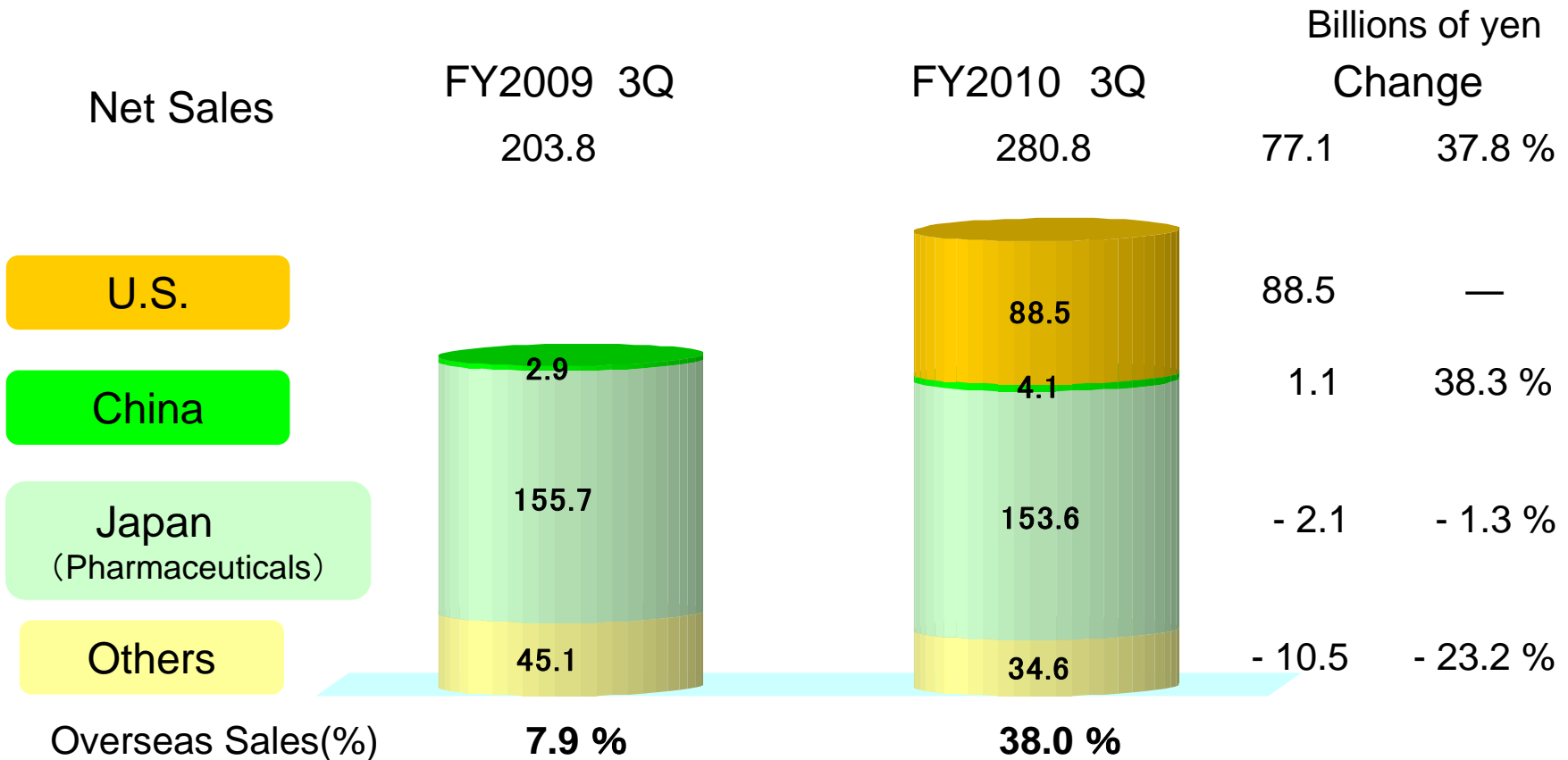
Financial Results

Billions of yen

	FY2009 3Q	FY2010 3Q	Change		FY2010	
			Value	Percentage	Forecast (as of Oct.29)	Progress
Net sales	203.8	280.8	77.1	37.8 %	365.0	76.9 %
SG&A expenses	92.7	170.0	77.3	83.4 %	238.5	71.3 %
R&D Costs	35.7	46.3	10.7	29.9 %	67.0	69.1 %
Operating income	32.0	27.1	- 4.9	- 15.4 %	18.0	150.4 %
Ordinary income	31.8	26.2	- 5.6	- 17.6 %	15.5	169.0 %
Net income	21.2	14.8	- 6.4	- 30.1 %	9.0	164.3 %

Note: All values are rounded to the nearest 100 million yen.

Breakdown of Sales



【Japan (Pharmaceuticals)】

・The influence of NHI price revision was covered by sales increase of strategic products and new products.

【Others】

・Only the commission equivalent part was recorded as sales on pet foods along with the spin off of Animal Health Products business into a separate company.

Sales in Japan (Pharmaceuticals)

Billions of yen

	FY2009 3Q	FY2010 3Q	Change		FY2010	
			Value	Percentage	Forecast (as of Oct.29)	Progress
AVAPRO®	2.4	6.1	3.7	149.7 %	8.0	76.2 %
LONASEN®	4.7	6.8	2.1	44.2 %	10.5	64.9 %
PRORENAL®	12.1	11.5	- 0.6	- 4.8 %	15.5	74.4 %
Strategic Products Total	19.3	24.4	5.2	26.7 %	34.0	71.9 %
TRETRIEF®	0.6	2.7	2.1	350.1 %	3.4	78.6 %
MIRIPLA®	—	1.2	1.2	—	1.5	78.9 %
METGLUCO® (Including MELBIN®)	3.0	3.5	0.5	17.4 %	4.5	78.2 %
New Products Total	3.6	7.4	3.8	105.4 %	9.4	78.4 %
AMLODIN®	41.6	32.7	- 8.9	- 21.3 %	39.5	82.9 %
GASMOTIN®	16.2	16.0	- 0.1	- 0.8 %	20.4	78.6 %
MEROPEN®	11.6	9.9	- 1.8	-15.2 %	11.6	85.0 %
AmBisome®	3.1	3.5	0.5	15.1 %	4.9	72.0 %
Others	47.6	45.9	- 1.8	- 3.7 %	59.6	76.9 %
Export	12.8	13.8	1.0	8.1 %	17.9	77.0 %
Total	155.7	153.6	- 2.1	- 1.3 %	197.3	77.9 %

Note: Sales figures exclude internal transactions.

Sales in U.S. & China

Billions of yen

	FY2009 3Q	FY2010 3Q	Change	Forecast for FY2010 (as of Oct.29)
LUNESTA®	—	41.7	41.7	52.8
XOPENEX®	—	27.4	27.4	38.4
BROVANA®	—	6.9	6.9	9.3
OMNARIS®	—	3.6	3.6	4.9
Industrial property revenues	—	5.3	5.3	6.8
Others	—	3.6	3.6	4.8
U.S. Total	—	88.5	88.5	117.0
MEROPEN®	2.7	3.7	1.0	5.2
Others	0.2	0.4	0.2	
China Total	2.9	4.1	1.1	5.7

Note: Sales figures exclude internal transactions.

Segment Information

FY2010 Apr.-Dec.

Billions of yen

	Pharmaceuticals						Other business	Total
	Japan	U.S.*1	Impact of purchase price allocation*2	China	Elimination	Total		
Net sales	158.6	91.8	—	4.6	- 8.7	246.3	34.5	280.8
Sales to customers	153.6	88.5	—	4.1	—	246.2	34.6	280.8
Intersegment	5.0	3.4	—	0.5	- 8.7	0.1	- 0.1	—
Cost of sales	44.2	9.0	3.4	1.5	- 2.1	56.0	27.8	83.7
Gross profit	114.5	82.8	- 3.4	3.0	- 6.6	190.3	6.7	197.1
SG&A expenses	82.6	60.4	24.0	1.8	- 3.9	164.9	5.1	170.0
SG&A expenses	49.8	44.0	24.0	1.8	- 0.5	119.2	4.5	123.7
R&D costs	32.7	16.4	—	—	- 3.4	45.8	0.5	46.3
Operating income	31.9	22.4	- 27.4	1.2	- 2.8	25.4	1.7	27.1

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

*1: Excluding the impact of purchase price allocation by acquisition of Sunovion Pharmaceuticals Inc.

*2: Mainly amortization of patent rights and goodwill

Financial Results of Japan (Pharmaceuticals)

Billions of yen

	FY2009 3Q		FY2010 3Q		Change	
		% of net sales		% of net sales	Value	Percentage
Net Sales	156.7	—	158.6	—	1.9	1.2 %
Sales to customers	155.7	—	153.6	—	- 2.1	- 1.3 %
Intersegment	1.0	—	5.0	—	4.0	393.4 %
Cost of Sales	41.1	26.2 %	44.2	27.8 %	3.0	7.4 %
Gross Profit	115.6	73.8 %	114.5	72.2 %	- 1.1	- 1.0 %
SG&A expenses	86.6	55.2 %	82.6	52.0 %	- 4.0	- 4.6 %
SG&A expenses	51.3	32.8 %	49.8	31.4 %	- 1.5	- 2.9 %
R&D Costs	35.2	22.5 %	32.7	20.6 %	- 2.5	- 7.1 %
Operating income	29.1	18.5 %	31.9	20.1 %	2.9	9.8 %

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

(Cost of Sales)

- Rise in cost of sales ratio due to NHI price revision

(SG&A expense)

- Decrease in advertising and promotion expenses
- Decrease in overseas clinical trial cost of lurasidone and others



Ordinary income & Net income

Billions of yen

	FY2009 3Q	FY2010 3Q	Change	
			Value	Percentage
Operating Income	32.0	27.1	- 4.9	- 15.4 %
Non-operating income and expenses	- 0.2	- 0.9	- 0.7	
Finance income and expenses including dividend income	0.6	- 0.1	- 0.7	
Contributions	- 1.1	- 1.0	- 0.0	
Others	0.3	0.3	0.0	
Ordinary income	31.8	26.2	- 5.6	- 17.6 %
Extraordinary loss	—	2.2	2.2	
Impairment loss	—	2.2	2.2	
Income taxes	10.7	9.2	- 1.5	
Net income	21.2	14.8	- 6.4	- 30.1 %

Issuance of Straight Bonds

At the Board of Directors meeting held on January 27, 2011, a comprehensive resolution was passed with regard to the issuance of domestic unsecured straight bonds.

《 The summary of the resolution 》

Total amount issued	Not more than 50 billion yen
Due date of payment	By the end of March, 2011
Term to maturity	Within 7 years
Purpose of funds	Repayment of loans

《 Loans payable 》 ~Non-Consolidated(as of Dec.31, 2010)~

	Balance (billions of yen)
Short-term loans payable	100.0
Current portion of long-term loans payable	10.0
Long-term loans payable	45.5
Total	155.5

Financial Forecast for FY2010

Financial Forecast for FY2010

Billions of yen

	Results FY 2009	Forecast for FY2010		Change	
		Forecast (as of Oct. 29)	Forecast (as of Feb. 3)	Compared to FY 2009	Compared to Forecast (as of Oct. 29)
Net sales	296.3	365.0	365.0	68.7	—
SG&A expenses	148.4	238.5	234.5	86.1	-4.0
R&D costs	51.4	67.0	64.0	12.6	-3.0
Operating income	35.6	18.0	22.0	-13.6	4.0
Ordinary income	33.8	15.5	19.5	-14.3	4.0
Net income	21.0	9.0	11.0	-10.0	2.0
E B I T D A	56.4	66.8	69.5	13.1	2.7

* EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

(Reason for Revision)

- Reduction in SG&A expenses mainly due to a decrease in R&D costs
- Excluding potential strategic investment for alliances and in-licensing



Fourth Quarter Financial Forecast for FY2010

Billions of yen

	first half (results)	3Q (results)	1Q-3Q (results)	4Q (forecast)	second half (forecast)	full year (forecast)
Net sales	188.6	92.2	280.8	84.2	176.4	365.0
	(30.7%)	(28.1%)	(29.8%)	(29.4%)	(28.7%)	(29.7%)
Cost of sales	57.8	25.9	83.7	24.8	50.7	108.5
Gross profit	130.7	66.3	197.1	59.4	125.8	256.5
SG&A expenses	115.8	54.2	170.0	64.5	118.7	234.5
SG&A expenses	83.0	40.7	123.7	46.8	87.5	170.5
R&D costs	32.8	13.5	46.3	17.7	31.2	64.0
Operating income	(7.9%) 14.9	(13.1%) 12.1	(9.6%) 27.1	(-6.1%) -5.1	(4.0%) 7.1	(6.0%) 22.0

Segmental Forecast for FY2010

Billions of yen

		Pharmaceuticals						Other Business	Total
		Japan	U.S *1	Impact of P.P.A *2	China	Elimination	Total		
Forecast for FY2010 as of Oct. 29	Net sales	199.5	121.5	-	6.4	-7.4	320.0	45.0	365.0
	Cost of sales	56.4	12.6	3.4	2.3	-2.0	72.7	35.8	108.5
	Gross profit	143.1	108.9	-3.4	4.1	-5.4	247.3	9.2	256.5
	SG&A expenses	115.6	85.9	32.1	3.1	-5.2	231.5	7.0	238.5
	SG&A expenses	67.8	63.1	32.1	3.1	-0.7	165.4	6.1	171.5
	R&D costs	47.8	22.8	-	-	-4.5	66.1	0.9	67.0
	Operating income	27.5	23.0	-35.5	1.0	-0.2	15.8	2.2	18.0
Forecast for FY2010 as of Feb. 3	Net sales	203.9	122.1	-	6.0	-11.4	320.6	44.4	365.0
	Cost of sales	57.9	12.6	3.3	2.1	-2.7	73.2	35.3	108.5
	Gross profit	146.0	109.6	-3.3	3.9	-8.7	247.4	9.1	256.5
	SG&A expenses	112.1	86.3	31.4	2.9	-5.2	227.5	7.0	234.5
	SG&A expenses	67.4	63.4	31.4	2.9	-0.7	164.4	6.1	170.5
	R&D costs	44.7	22.9	-	-	-4.5	63.1	0.9	64.0
	Operating income	33.9	23.3	-34.7	1.0	-3.5	19.9	2.1	22.0
Change	Net sales	4.4	0.6	-	-0.4	-4.0	0.6	-0.6	-
	Operating income	6.4	0.3	0.8	-	-3.3	4.1	-0.1	4.0



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

*1 Excluding impact of purchase price allocation by acquisition

*2 Mainly amortization of patent rights and goodwill

R&D Pipeline

Development Pipeline (as of February 3, 2011)

	Approved	NDA filed	Phase III	Phase II	Phase I
Japan	SUREPOST® (repaglinide) (Diabetes)	MEROPEN® (Infection/ Maximum daily dose change)	Lurasidone (Schizophrenia) SUREPOST® (repaglinide) (Diabetes/ Combination therapy with TZD/BG)	AS-3201 Diabetic neuropathy SMP-986 (Overactive bladder) DSP-8153 (Hypertension/ Combination product)	DSP-3235 (Diabetes) DSP-3025 (Bronchial asthma, Allergic rhinitis) WT4869 (Myelodysplastic syndromes)
Foreign Markets	LATUDA® (lurasidone) US (Schizophrenia)	STEDESA™ US * (Epilepsy-adjunct)	LATUDA® (lurasidone) US·EU etc. (Bipolar depression) Amurubicin hydrochloride China (Small cell lung cancer) Ciclesonide Nasal Aerosol (HFA) US * (Allergic rhinitis) STEDESA™ US * (Epilepsy-adult monotherapy)	SMP-986 US·EU (Overactive bladder)	DSP-7238 EU (Diabetes) DSP-8658 US (Diabetes) DSP-8658 US (Alzheimer's diseases) SEP-228432 US * (Neuropathic pain, Major depressive disorder (MDD))
	 New Chemical Entities  New Indication etc. * Pipeline candidates in Sunovion				

Revisions since the announcement of Oct. 2010 are in red.

Note: WT4869 is on Phase I of Phase I/II study

Development Pipeline Highlights

- **SUREPOST[®] (repaglinide) : Approved in Japan (awaiting NHI pricing)**
 - Approved as of January 21, 2011
 - Indication: The reduction of postprandial blood glucose in patients with Type 2 diabetes
- **WT4869: Newly added in Phase I/II study in Japan**
 - WT1 cancer vaccine (Co-development with Chugai Pharmaceuticals)
 - Started a Phase I/II Study for the treatment of patients with myelodysplastic syndromes (MDS)
- **DSP-8658: Newly added “Alzheimer’s disease” as an expected indication**
 - PPAR α/γ modulator
 - It is expected that DSP-8658 may improve symptomatic cognitive decline and show disease modification with mechanism of reduction in β amyloid by impacting a number of different mechanism in marketed compound.
- **SMP-028: Deleted from the list**
 - Because expected criteria were not able to be achieved, the development of asthma is discontinued.
- **ALVESCO[®] HFA: Deleted from the list**
 - According to the results of the project evaluation, the development of the pediatrics were discontinued.

Lurasidone – Clinical development status (1)

U.S.

- **Launch of Once-Daily LATUDA® for the Treatment of Patients with Schizophrenia**
 - FDA Approval on October 28, 2010
 - To be launched on February 4, 2011 in U.S.
- **Schizophrenia - Major Current Studies**
 - PEARL #3: Placebo controlled (with comparator [Quetiapine XR]) Phase III study
 - Six-week study completed. The detailed data presented at a scientific meeting (ACNP, December 2010)
 - Extension study (for one year) ongoing
 - PEARL Safety: Long term safety study
 - One-year study completed. Top-line results announced on January 25. The detailed data to be presented at a scientific meeting in 2011.
 - Extension study (for six months) ongoing
 - Switch Study in Schizophrenia
 - Initiated in 3Q 2010. Ongoing
- **Schizophrenia - Planned Studies**
 - Schizophrenia Maintenance Study: Initiation planned in 3Q 2011
 - Low-dose Schizophrenia Study with 20 mg/d: Initiation planned in 2Q 2012
 - Pediatric (13-17 yrs) PK Study: Initiation planned in 3Q 2011
 - Pediatric (13-17 yrs) Efficacy Study: Initiation planned in 2Q 2012

Lurasidone – Clinical development status (2)

U.S. (continued)

■ **Bipolar depression (ongoing PREVAIL Studies)**

- **PREVAIL #1:** Placebo controlled, lithium or divalproex add-on study
 - Initiated in April 2009
- **PREVAIL #2:** Placebo controlled, monotherapy
 - Initiated in April 2009
- **PREVAIL#3 :** Placebo controlled, lithium or divalproex add-on study
 - Initiated in December 2010
- sNDA for the additional indication planned for 1H 2012.

■ **Other Indications / Formulation Under Consideration**

- Bipolar maintenance
- MDD with mixed features
- IM depot formulation

Pan-Asia Study

- **Phase III study with schizophrenia patients in Japan, Taiwan and Korea**
- **Data analysis underway.**

Disclaimer Regarding Forward-looking Statements

The statements made in this presentation material are forward-looking statements based on management's assumptions and beliefs in light of information available up to the day of announcement, and involve both known and unknown risks and uncertainties.

Actual financial results may differ materially from those presented in this document, being dependent on a number of factors.

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