



## Summary of Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2010 (Unaudited)

February 3, 2010

Company Name: DAINIPPON SUMITOMO PHARMA CO., LTD.  
 Head Office: 6-8, Doshomachi, 2-chome, Chuo-ku, Osaka, 541-0045  
 Stock Exchange Listings: Tokyo, Osaka  
 Security Code Number: 4506 (URL: <http://www.ds-pharma.co.jp>)  
 Filing Date of Quarterly Financial Report: February 12, 2010

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 Third Quarter of the Year Ending March 31, 2010 (April 1, 2009 to December 31, 2009)

#### (1) Results of Operations

(% represent 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	%
Nine months ended December 31, 2009	203,751	0.9	31,984	16.1	31,806	11.8	21,152	23.8
Nine months ended December 31, 2008	201,908	—	27,545	—	28,447	—	17,088	—

	Earnings per share	Earnings per share (diluted)
Nine months ended December 31, 2009	¥53.24	—
Nine months ended December 31, 2008	¥43.00	—

#### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
As of December 31, 2009	667,145	338,597	50.8%	¥852.21
As of March 31, 2009	391,294	324,495	82.9%	¥816.49

Reference: Shareholders' Equity (millions of yen)

As of December 31, 2009 : 338,597

As of March 31, 2009 : 324,408

## 2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
Year ended March 31, 2009	—	¥9.00	—	¥9.00	¥18.00
Year ending March 31, 2010	—	¥9.00	—		
Year ending March 31, 2010 (Forecast)				¥9.00	¥18.00

Note: Revision of dividend forecast during this period: None

## 3. Consolidated Financial Forecasts for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(% represent 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	%	
Year ending March 31, 2010	295,000	11.7	31,000	(0.5)	29,000	(7.6)	19,000	(4.9)	¥47.82

Note: Revision of consolidated financial forecasts during this period: Yes

## 4. Other

(1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation) : Yes

• Specified subsidiaries (New : 3 Companies)

Dainippon Sumitomo Pharma America Holdings, Inc.

Aptiom, Inc.

Sepracor Inc.

• Consolidated subsidiaries (New : 8 Companies)

Dainippon Sumitomo Pharma America, Inc.

Sepracor Inc.'s consolidated subsidiaries(7 Companies)

(2) Application of simplified accounting methods and specific accounting methods for preparing quarterly financial statements: Yes

① Simplified accounting methods

• Valuation of inventories

The amount of inventories at the end of this third quarter is calculated by using a reasonable method based on the actual balance of inventories at the end of the second quarter. In addition, write-down of the book value of inventories is done only for those inventories whose profitability has clearly declined, by estimating the net sale value.

• Calculation of deferred tax assets and deferred tax liabilities

In regard to judgments of the recoverability of deferred tax assets, since it is recognized that there has been no marked changes in both the business environment and the occurrence of temporary deferrals from the end of the previous fiscal year, the future performance forecasts or tax planning of the previous fiscal year is used.

② Specific accounting methods for preparing quarterly financial statements

• Calculation of income taxes

The effective tax rate, after applying tax effect accounting, expected to be imposed on income before income taxes and minority interests for the fiscal year in which this third quarter is included is estimated based on reasonable assumptions. Then, tax expenses are calculated by multiplying the income before income taxes and minority interests for the quarter by the estimated effective tax rate.

Note that income taxes-deferred is included in "Income taxes."

(3) Changes in accounting principles, procedures, disclosure methods for preparing quarterly financial statements

① Changes due to adoption of new accounting standards: None

② Other changes: Yes

• Application of accounting standards for business combinations

"Accounting Standard for Business Combinations" (The Accounting Standards Board of Japan ("ASBJ") Statement No.21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, released December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, December 26, 2008) can be applied to business combinations or business divestitures implemented in fiscal year beginning on or after April 1, 2009. Accordingly, from this third quarter, the Company has applied these accounting standards and guidance.

(4) Number of shares outstanding (Common stock) at the end of period

① Number of shares outstanding (Including treasury stock)

As of December 31, 2009 : 397,900,154 shares

As of March 31, 2009 : 397,900,154 shares

② Number of treasury stock

As of December 31, 2009 : 583,660 shares

As of March 31, 2009 : 580,814 shares

③ Average number of shares during the period

Nine months ended December 31, 2009 : 397,317,635 shares

Nine months ended December 31, 2008 : 397,375,816 shares

Note: This document contains 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.

## Qualitative Information regarding Consolidated Financial Forecasts

Consolidated Financial Forecasts for the Year Ending March 31, 2010 are as follows. Forecasts announced on October 29, 2009 are revised.

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Yen million	Yen million	Yen million	Yen million	
Previous forecasts (A)	264,000	29,000	27,000	18,000	¥45.30
New forecasts (B)	295,000	31,000	29,000	19,000	¥47.82
(B-A)	31,000	2,000	2,000	1,000	
Change (%)	11.7	6.9	7.4	5.6	
Results for the previous year	264,037	31,166	31,395	19,987	¥50.30

The Company's U.S. subsidiaries including Sepracor, Inc who became a wholly-owned subsidiary of the Company's U.S. Holding Company are newly added to the list of the consolidated subsidiaries. For this reason, their October-December performance figures are to be consolidated in the 4<sup>th</sup> quarter records.

At first, the yearly financial forecasts on a previous basis which does not include the financial impacts by new consolidation of U.S. subsidiaries indicate increase both in sales and profit compared to the previous forecasts in the net sales by 2,500 million yen, in the operating income by 3,000 million yen, in the ordinary income by 3,500 million yen, in the net income by 2,000 million yen owing to sales increase in pharmaceutical business and curtailment of selling, general and administrative expenses.

Financial forecasts of U.S. subsidiaries before accounting for business combinations associated with the acquisition of Sepracor Inc are expected in the net sales to be 28,500 million yen, in the operating income to be 10,000 million yen, in the ordinary income to be 9,500 million yen, and in the net income to be 6,000 million yen.

Meanwhile, financial impacts largely pertaining to the amortizations of patent rights and goodwill resulting from the acquisition of Sepracor Inc are expected to be in the operating income as well as ordinary income by 11,000 million yen and in the net income by 7,000 million yen.

Consequently, in the revised consolidated financial forecasts for the year ending March 31, 2010, the Company anticipates that the sales increase 31,000 million yen to 295,000 million yen, the operating income increases 2,000 million yen to 31,000 million yen, the ordinary income increases 2,000 million yen to 29,000 million yen and the net income increases 1,000 million yen to 19,000 million yen compared to the previous forecasts dated October 29, 2009.

※ U.S. subsidiaries :

Dainippon Sumitomo Pharma America Holdings, Inc.

Dainippon Sumitomo Pharma America, Inc.

Sepracor Inc. and its consolidated subsidiaries

Note: As of today, the Company revised non-consolidated financial forecasts. For details, please refer to the press release "Revision of Financial Forecasts for the Year Ending March 31, 2010" which was announced today.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of December 31, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets:		
Cash and time deposits	14,223	21,990
Notes and accounts receivable	104,543	79,759
Marketable securities	64,547	34,500
Merchandise and finished goods	49,175	39,674
Work-in-process	3,332	2,934
Raw materials and supplies	15,172	11,901
Short-term loans	25,000	50,000
Others	48,951	23,174
Allowance for doubtful receivables	(176)	(394)
Total current assets	324,770	263,539
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	88,416	83,820
Accumulated depreciation and impairment loss	(45,678)	(44,329)
Buildings and structures, net	42,737	39,490
Machinery, equipment and carriers	74,770	70,438
Accumulated depreciation and impairment loss	(61,276)	(59,390)
Machinery, equipment and carriers, net	13,493	11,048
Land	10,329	9,975
Construction in progress	1,857	4,024
Others	26,846	24,586
Accumulated depreciation and impairment loss	(21,127)	(20,021)
Others, net	5,719	4,565
Total property, plant and equipment	74,136	69,104
Intangible assets		
Goodwill	77,515	—
Patent right	108,420	—
Others	12,031	6,407
Total Intangible assets	197,967	6,407
Investments and other assets:		
Investment securities	53,380	33,982
Others	17,002	18,362
Allowance for doubtful receivables	(111)	(102)
Total investments and other assets	70,271	52,242
Fixed assets	342,375	127,754
Total assets	667,145	391,294

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	19,192	18,523
Short-term loans payable	177,500	—
Current portion of bonds	25,856	—
Current portion of long-term loans payable	300	—
Income taxes payable	5,695	6,298
Reserve for bonuses	3,984	8,120
Reserve for sales returns	2,500	96
Reserve for sales rebates	17,645	412
Others	54,653	19,897
Total current liabilities	307,328	53,349
Long-term liabilities:		
Long-term debt	600	—
Liability for retirement benefits	9,684	9,253
Liability for directors' retirement benefits	48	42
Others	10,887	4,153
Total long-term liabilities	21,219	13,449
Total liabilities	328,548	66,799
<b>Net assets</b>		
Shareholders' equity:		
Common stock	22,400	22,400
Capital surplus	15,860	15,860
Retained earnings	294,892	281,628
Treasury stock	(645)	(643)
Total shareholders' equity	332,506	319,245
Valuation, translation adjustments and others:		
Unrealized gains on available-for-sale securities, net of tax	6,273	5,162
Deferred gains or losses on hedges	23	—
Foreign currency translation adjustment	(206)	—
Total valuation, translation adjustments and others	6,090	5,162
Minority interests	—	87
Total net assets	338,597	324,495
Total liabilities and net assets	667,145	391,294

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net sales	201,908	203,751
Cost of sales	78,893	79,105
Gross profit	123,015	124,645
Reversal of reserve for sales returns	26	29
Gross profit-net	123,041	124,675
Selling, general and administrative expenses		
Provision for allowance for doubtful receivables	99	24
Salaries	12,432	13,073
Provision for reserve for bonuses	2,602	2,575
Provision for liability for directors' retirement benefits	7	9
Research and development costs	38,311	35,668
Others	42,042	41,338
Total selling, general and administrative expenses	95,496	92,690
Operating income	27,545	31,984
Non-operating income		
Interest income	750	471
Dividend income	734	590
Insurance income	249	—
Others	881	834
Total non-operating income	2,616	1,896
Non-operating expenses		
Interest expense	76	439
Contribution	1,074	1,082
Others	563	553
Total non-operating expenses	1,714	2,075
Ordinary income	28,447	31,806
Income before income taxes and minority interests	28,447	31,806
Income taxes	11,349	10,647
Minority interests in net income	8	6
Net income	17,088	21,152

### (3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net cash provided by operating activities:		
Income before income taxes and minority interests	28,447	31,806
Depreciation and amortization	8,436	8,364
Provision for liability for retirement benefits, less payments	309	1,165
Provision for other liabilities	(4,156)	(4,177)
Interest and dividend income	(1,485)	(1,062)
Interest expense	76	439
Decrease (increase) in notes and accounts receivable	(1,425)	(8,646)
Decrease (increase) in inventories	(2,771)	317
Increase (decrease) in notes and accounts payable	2,843	704
Other-net	(431)	1,841
Subtotal	29,842	30,753
Interest and dividend received	1,378	1,309
Interest paid	(36)	(17)
Income taxes paid	(18,575)	(11,615)
Net cash provided by operating activities	12,607	20,430
Net cash used in investing activities:		
Increase in time deposits	(1,000)	—
Decrease in time deposits	3,000	5,000
Purchases of marketable securities	(1,001)	—
Proceeds from sales of marketable securities	1,000	—
Proceeds from redemption of marketable securities	—	2,000
Purchases of property, plant and equipment	(12,201)	(3,853)
Purchases of intangible assets	(2,761)	(750)
Purchases of investment securities	(3,919)	(384)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(200,649)
Decrease (increase) in short-term loans receivable	(7,000)	25,000
Other-net	(47)	(217)
Net cash used in investing activities	(23,930)	(173,856)
Net cash used in financing activities:		
Net increase (decrease) in short-term loans payable	—	176,900
Repayment of long-term debt	(4,600)	—
Net decrease (increase) in treasury stock	(83)	(2)
Dividends paid	(7,140)	(7,139)
Dividends paid to minority shareholders	(0)	(0)
Net cash used in financing activities	(11,824)	169,757
Effect of exchange rate changes on cash and cash equivalents	45	(81)
Net increase (decrease) in cash and cash equivalents	(23,101)	16,250
Cash and cash equivalents at the beginning of period	56,259	49,481
Increase in cash and cash equivalents related to change in scope of consolidation	—	1,454
Cash and cash equivalents at the end of period	33,157	67,186



(4) Notes on premise of going concern

Not applicable.

(5) Segment Information

**Business segment information**

Nine months ended December 31, 2008

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
Sales					
Sales to customers	158,184	43,724	201,908	—	201,908
Intersegment sales and transfers	—	—	—	—	—
Total	158,184	43,724	201,908	—	201,908
Operating income	26,373	1,172	27,545	—	27,545

Nine months ended December 31, 2009

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
Sales					
Sales to customers	158,675	45,075	203,751	—	203,751
Intersegment sales and transfers	—	—	—	—	—
Total	158,675	45,075	203,751	—	203,751
Operating income	29,823	2,161	31,984	—	31,984

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**

Nine months ended December 31, 2008

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

Nine months ended December 31, 2009

As net sales outside Japan constituted less than 10% of consolidated total sales of all segments, the disclosure of geographical segment information has been omitted.

**Overseas sales**

Nine months ended December 31, 2008

(Millions of yen)

Overseas sales	14,743
Consolidated net sales	201,908
Overseas sales as a percentage of consolidated net sales	7.3%

Nine months ended December 31, 2009

(Millions of yen)

Overseas sales	16,095
Consolidated net sales	203,751
Overseas sales as a percentage of consolidated net sales	7.9%

**(6) Notes on significant changes in shareholders' equity**

Not applicable.