



Summary of Interim Consolidated Financial Results
For The Year Ending March 31, 2007 (Unaudited)

November 8, 2006

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 Board of Directors' meeting: November 8, 2006

The accompanying interim 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 six months ended September 30, 2006
(April 1, 2006 to September 30, 2006)

Numerical value of Sumitomo Pharmaceuticals Co., Ltd. before the merger date (October 1, 2005) is not included in the followings.

(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
Six months ended September 30, 2006	126,934	49.8	20,473	127.7	19,563	130.8
Six months ended September 30, 2005	84,738	5.6	8,992	113.8	8,475	95.5
Year ended March 31, 2006	245,783		28,885		27,235	

	Net income		Earnings per share	Earnings per share (diluted)
	Yen Million	% change		
Six months ended September 30, 2006	9,480	137.1	¥23.84	—
Six months ended September 30, 2005	3,997	51.6	¥24.23	—
Year ended March 31, 2006	15,377		¥54.57	—

Notes: 1. Equity in earnings of unconsolidated subsidiaries and affiliates

Six months ended September 30, 2006 : —

Six months ended September 30, 2005 : —

Year ended March 31, 2006 : —

2. Average number of shares outstanding:

Six months ended September 30, 2006 : 397,586,554 shares

Six months ended September 30, 2005 : 164,991,129 shares

Year ended March 31, 2006 : 280,991,352 shares

3. Change of the accounting principles [Yes/No] : No

4. Presentation of percentages in the above shows increase or decrease ratio in comparison with the interim period of the previous fiscal year.

(2) Financial Position

(millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
September 30, 2006	364,900	295,055	*1 80.6%	*2 ¥739.93
September 30, 2005	202,630	140,403	69.3%	¥851.16
March 31, 2006	392,965	287,764	73.2%	¥723.63

Notes : *1. (net assets — minority interests) / total assets

*2. (net assets — minority interests) / number of shares outstanding at end of period

3. Number of shares outstanding at end of period:

Six months ended September 30, 2006 : 397,564,063 shares

Six months ended September 30, 2005 : 164,955,779 shares

Year ended March 31, 2006 : 397,609,083 shares

(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, 2006	22,553	(10,924)	(4,559)	78,388
Six months ended September 30, 2005	5,062	424	(1,111)	42,557
Year ended March 31, 2006	9,084	(10,446)	(7,286)	71,318

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries : 1 company

Unconsolidated subsidiaries for which the equity method is applied : None

Affiliates for which the equity method is applied : None

(5) Changes in scope of consolidation and application of the equity method

Consolidation : (Newly consolidated) None, (Excluded) None

Equity method : (Newly applied) None, (Excluded) None

2. Consolidated financial forecast for the year ending March 31, 2007

(April 1, 2006 to March 31, 2007)

(millions of yen)

	Net sales	Recurring income	Net income
Year ending March 31, 2007	260,000	40,500	22,000

Reference : Estimated earnings per share for the year : ¥55.34

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.

Financial Information

(1) Interim Consolidated Balance Sheets

ASSETS	(Millions of yen)					
	As of September 30, 2006		As of September 30, 2005		As of March 31, 2006	
		%		%		%
Current assets:	219,297	60.1	129,491	63.9	249,733	63.6
Cash and time deposits	55,413		40,565		60,327	
Notes and accounts receivable	81,135		57,292		114,503	
Marketable securities	24,975		4,140		13,995	
Inventories	43,436		19,178		44,116	
Deferred tax assets	10,539		4,513		11,126	
Others	4,003		3,871		5,773	
Allowance for doubtful receivables	(207)		(70)		(109)	
Fixed assets:	145,603	39.9	73,138	36.1	143,232	36.4
Property, plant and equipment	67,788	18.6	32,005	15.8	68,335	17.4
Buildings and structures	38,266		20,026		37,695	
Machinery, equipment and carriers	12,561		5,344		14,136	
Land	9,988		4,467		9,988	
Construction in progress	2,132		130		1,615	
Others	4,839		2,036		4,900	
Intangible fixed assets	5,819	1.6	2,787	1.4	5,952	1.5
Investments and other assets	71,995	19.7	38,345	18.9	68,944	17.5
Investment securities	49,777		33,102		48,920	
Deferred tax assets	36		48		373	
Others	22,524		5,584		20,073	
Allowance for doubtful receivables	(342)		(390)		(423)	
Total assets	364,900	100.0	202,630	100.0	392,965	100.0

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of September 30, 2006		As of September 30, 2005		As of March 31, 2006	
		%		%		%
Total liabilities	69,845	19.1	61,405	30.3	104,332	26.6
Current liabilities:	50,878	13.9	44,954	22.2	80,070	20.4
Notes and accounts payable	15,487		28,407		38,693	
Income taxes payable	6,695		2,571		8,410	
Reserve for bonuses	7,280		3,930		8,050	
Reserve for sales returns	120		63		113	
Reserve for sales rebates	375		546		565	
Others	20,919		9,434		24,237	
Long-term liabilities:	18,966	5.2	16,450	8.1	24,261	6.2
Long-term debt	4,600		7,000		5,275	
Deferred tax liabilities	435		3,057		—	
Reserve for retirement benefits	8,021		5,257		14,116	
Reserve for directors' retirement benefits	46		53		59	
Others	5,863		1,082		4,810	
Minority interests	—	—	821	0.4	869	0.2
Shareholders' equity	—	—	140,403	69.3	287,764	73.2
Common stock	—	—	13,444	6.6	22,400	5.7
Capital Surplus	—	—	15,860	7.8	15,860	4.0
Retained earnings	—	—	103,965	51.3	232,485	59.2
Unrealized gains on available-for-sale securities	—	—	10,721	5.3	17,348	4.4
Treasury stock	—	—	(3,588)	(1.7)	(329)	(0.1)
Total liabilities, minority interests and shareholders' equity	—	—	202,630	100.0	392,965	100.0
Net assets	295,055	80.9	—	—	—	—
Shareholders' equity	277,008	75.9	—	—	—	—
Common stock	22,400	6.1	—	—	—	—
Capital surplus	15,860	4.4	—	—	—	—
Retained earnings	239,139	65.5	—	—	—	—
Treasury stock	(391)	(0.1)	—	—	—	—
Unrealized gains or losses and translation differences, etc.	17,158	4.7	—	—	—	—
Unrealized gains on available-for-sale securities	17,158	4.7	—	—	—	—
Minority interests	887	0.3	—	—	—	—
Total liabilities and net assets	364,900	100.0	—	—	—	—

(2) Interim Consolidated Statements of Income

(Millions of yen)

	Six months ended		Six months ended		Year ended	
	September 30, 2006		September 30, 2005		March 31, 2006	
		%		%		%
Net sales	126,934	100.0	84,738	100.0	245,783	100.0
Cost of sales	48,069	37.9	49,596	58.5	130,444	53.1
Gross profit	78,864	62.1	35,141	41.5	115,339	46.9
Reserve for (reversal of) sales returns	6	0.0	(1)	(0.0)	(7)	(0.0)
Net gross profit	78,858	62.1	35,143	41.5	115,347	46.9
Selling, general and administrative expenses	58,384	46.0	26,150	30.9	86,461	35.1
Operating income	20,473	16.1	8,992	10.6	28,885	11.8
Non-operating income	1,093	0.9	642	0.8	1,726	0.7
Non-operating expenses	2,003	1.6	1,160	1.4	3,377	1.4
Recurring income	19,563	15.4	8,475	10.0	27,235	11.1
Extraordinary income:	—	—	781	0.9	4,422	1.8
Gains on transfer of the substitutional portion of the government pension program	—		781		781	
Gains on sales of investment securities	—		—		1,852	
Gains on sales of property, plant and equipment	—		—		1,788	
Extraordinary expenses:	3,549	2.8	2,283	2.7	5,970	2.4
Additional retirement expenses for employees	2,938		—		—	
Loss on reform of retirement benefits plan	611		—		—	
Expense related to merger	—		2,107		5,794	
Loss on business restructuring	—		176		176	
Income before income taxes and minority interests	16,013	12.6	6,973	8.2	25,687	10.5
Income taxes:						
Current	5,008	3.9	2,486	2.9	10,380	4.2
Deferred	1,492	1.2	456	0.6	(140)	(0.0)
Minority interests	32	0.0	32	0.0	70	0.0
Net income	9,480	7.5	3,997	4.7	15,377	6.3

(3) Interim Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of yen)

	Six months ended September 30, 2005	Year ended March 31, 2006
(Capital Surplus)		
Balance at beginning of year	15,860	15,860
Increases	—	—
Deductions	—	—
Balance at end of period	15,860	15,860
(Retained Earnings)		
Balance at beginning of year	100,821	100,821
Increases	3,997	138,124
Net income	3,997	15,377
Increase due to merger	—	122,747
Deductions	853	6,461
Cash dividends paid	825	1,649
Bonuses to directors and corporate auditors [Including bonuses to corporate auditors]	28 [8]	28 [8]
Payments to shareholders of Sumitomo's shares in lieu of dividends	—	2,886
Decrease related to exclusion of consolidated subsidiaries	—	278
Loss on trades of treasury stock	0	1,617
Balance at end of period	103,965	232,485

(4) Interim Consolidated Statement of Changes in Shareholders' Equity

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
Acquisition of treasury stock				(63)	(63)
Disposal 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)

	Unrealized gains or losses and translation differences, etc.		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.		
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
Acquisition of treasury stock				(63)
Disposal 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

(5) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Cash flows from operating activities:			
Income before income taxes and minority interests	16,013	6,973	25,687
Depreciation and amortization	5,798	2,289	8,900
Provision for liability for retirement benefits, less payments	(2,556)	(484)	(1,151)
Provision for other reserves	(949)	(1,168)	(515)
Interest and dividend income	(493)	(352)	(518)
Interest expenses	50	30	90
Loss on reform of retirement benefits plan	611	—	—
Gains on transfer of the substitutional portion of the government pension program	—	(781)	(781)
Decrease (increase) in notes and accounts receivable	33,367	9,291	(4,218)
Decrease (increase) in inventories	680	(2,961)	(3,348)
Decrease in notes and accounts payable	(23,206)	(3,715)	(143)
Other, net	(280)	(451)	(2,621)
Subtotal	29,034	8,670	21,379
Interest and dividend received	496	355	528
Interest paid	(23)	(30)	(66)
Income taxes paid	(6,953)	(3,932)	(12,756)
Net cash provided by operating activities	22,553	5,062	9,084
Cash flows from investing activities:			
Increase in time deposits	(6,000)	—	(8,013)
Decrease in time deposits	1,000	—	—
Proceeds from sales of marketable securities	—	500	1,000
Purchases of property, plant and equipment	(4,444)	(533)	(4,572)
Purchases of investment securities	(1,258)	(268)	(1,572)
Proceeds from sales of investment securities	—	952	2,886
Collection of long-term loan	918	—	—
Net decrease (increase) in short-term loan	920	—	(1,100)
Other, net	(2,060)	(226)	925
Net cash provided by (used in) investing activities	(10,924)	424	(10,446)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(1,032)	(200)	(670)
Repayment of long-term borrowings	(675)	—	(1,917)
Net increase in treasury stock	(60)	(79)	(155)
Dividends paid	(2,782)	(824)	(1,650)
Dividends paid to minority shareholders	(7)	(7)	(7)
Payments to shareholders of Sumitomo's shares in lieu of dividends	—	—	(2,886)
Net cash used in financing activities	(4,559)	(1,111)	(7,286)
Net increase (decrease) in cash and cash equivalents	7,069	4,374	(8,648)
Cash and cash equivalents at beginning of year	71,318	38,182	38,182
Increase in cash and cash equivalents due to merger	—	—	42,235
Net decrease in cash and cash equivalents resulting from change in number of consolidated subsidiaries	—	—	(449)
Cash and cash equivalents at end of period	78,388	42,557	71,318

(6) Segment Information

Segment information by business segment

Six months ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	100,291	26,642	126,934	—	126,934
Inter-segment sales / 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, 2005 (April 1, 2005 - September 30, 2005)

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	59,832	24,906	84,738	—	84,738
Inter-segment sales / transfers	—	498	498	(498)	—
Total	59,832	25,404	85,236	(498)	84,738
Operating expenses	51,400	24,842	76,243	(498)	75,745
Operating income	8,431	561	8,992	—	8,992

Year ended March 31, 2006 (April 1, 2005 - March 31, 2006)

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	192,601	53,181	245,783	—	245,783
Inter-segment sales / transfers	—	528	528	(528)	—
Total	192,601	53,710	246,312	(528)	245,783
Operating expenses	164,852	52,574	217,427	(528)	216,898
Operating income	27,749	1,136	28,885	—	28,885

(Notes)

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

2. The principal products in each of the business segment are as follows:

Business segment	
Business segment	Major products
Pharmaceuticals	Cardiovascular system drugs Antibacterial and antibiotic agents Central nervous system and antiallergic drugs Nutrients, hormones and vitamins
Other products	Animal health products Feeds and feed additives Food additives Diagnostics Other products

We established two business segments shown above instead of the previous three business segments because "Animal health products" has become a much smaller segment after the merger with Sumitomo Pharmaceuticals Co., Ltd.

We also changed allocation method of operating expenses so that all operating expenses are born by the two segments.

Business segment information for the first six months of fiscal 2005 are modified accordingly.

3. Geographical segment information and overseas sales information are not disclosed, because none of consolidated subsidiaries are located outside Japan, and the overseas sales of our group for the first six months of fiscal 2006 and 2005, and for fiscal 2005 were less than 10% of consolidated net sales.