



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

October 29, 2009

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: November 13, 2009  
 Starting Date of Dividend Payments: December 1, 2009

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 Second Quarter of the Year Ending March 31, 2010 (April 1, 2009 to September 30, 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	%
Six months ended September 30, 2009	132,210	(1.6)	18,919	4.1	19,053	4.6	12,654	16.4
Six months ended September 30, 2008	134,358	—	18,177	—	18,208	—	10,870	—

	Earnings per share	Earnings per share (diluted)
Six months ended September 30, 2009	¥31.85	—
Six months ended September 30, 2008	¥27.35	—

#### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share (yen)
As of September 30, 2009	394,210	333,210	84.5%	¥838.42
As of March 31, 2009	391,294	324,495	82.9%	¥816.49

Reference: Shareholders' Equity (millions of yen)

As of September 30, 2009 : 333,116  
 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	264,000	(0.0)	29,000	(7.0)	27,000	(14.0)	18,000	(9.9)	¥45.30

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

Forecasts shown above do not include performance figures of Sepracor Inc., which has recently become a wholly-owned subsidiary of the Company. Goodwill and in-process R&D etc. resulting from the acquisition are under evaluation at present, and their financial impact will be announced once determined.

## 4. Other

- (1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation) : None
- (2) Application of simplified accounting methods and specific accounting methods for preparing quarterly financial statements: Yes
- (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: None
- (4) Number of shares outstanding (Common stock) at the end of period
  - ① Number of shares outstanding (Including treasury stock)
    - As of September 30, 2009 : 397,900,154 shares
    - As of March 31, 2009 : 397,900,154 shares
  - ② Number of treasury stock
    - As of September 30, 2009 : 582,925 shares
    - As of March 31, 2009 : 580,814 shares
  - ③ Average number of shares during the period
    - Six months ended September 30, 2009 : 397,318,067 shares
    - Six months ended September 30, 2008 : 397,391,757 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 May 11, 2009 are revised.

New forecasts do not include performance figures of Sepracor Inc., which has recently become a wholly-owned subsidiary of the Company. Goodwill and in-process R&D etc. resulting from the acquisition are under evaluation at present, and their financial impact will be announced once determined.

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Yen million	Yen million	Yen million	Yen million	
Previous forecasts (A)	264,000	25,000	24,000	15,000	¥37.75
New forecasts (B)	264,000	29,000	27,000	18,000	¥45.30
(B-A)	0	4,000	3,000	3,000	
Change (%)	0.0	16.0	12.5	20.0	
Results for the previous year	264,037	31,166	31,395	19,987	¥50.30

### < Net sales >

Actual sales until the end of the second quarter have been nearly in line with the previous forecasts. Accordingly, the previous forecasts for the full year have been unchanged.

### < Operating income >

One of the Company's focused challenges in the year ending March 31, 2010 is to strive for efficient management and for efficient and profitable corporate structure. All the expenses are reexamined for the necessity and R&D costs are spent efficiently based on prioritization. Owing to these efforts, the Company anticipates selling, general and administrative expenses, manufacturing costs and others to be reduced more than expected. Accordingly, the Company now forecasts increase in operating income by ¥4.0 billion compared to the previous forecasts.

### < Ordinary income / Net income >

Although non-operating expenses such as interest expense are expected to increase due mainly to financing for the acquisition of Sepracor Inc., the Company now forecasts increase in ordinary income as well as net income by ¥3.0 billion compared to the previous forecasts.

Note: As of today, the Company revised non-consolidated financial forecasts. For details, please refer to the press release "Difference from Financial Forecasts for the Second Quarter of the Year Ending March 31, 2010 and 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 September 30, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets:		
Cash and time deposits	22,390	21,990
Notes and accounts receivable	81,919	79,759
Marketable securities	42,503	34,500
Merchandise and finished goods	37,391	39,674
Work-in-process	2,312	2,934
Raw materials and supplies	11,387	11,901
Short-term loans	50,000	50,000
Others	22,863	23,174
Allowance for doubtful receivables	(182)	(394)
Total current assets	270,586	263,539
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	84,039	83,820
Accumulated depreciation and impairment loss	(45,364)	(44,329)
Buildings and structures, net	38,674	39,490
Machinery, equipment and carriers	72,717	70,438
Accumulated depreciation and impairment loss	(60,679)	(59,390)
Machinery, equipment and carriers, net	12,037	11,048
Land	9,975	9,975
Construction in progress	2,455	4,024
Others	24,847	24,586
Accumulated depreciation and impairment loss	(20,653)	(20,021)
Others, net	4,193	4,565
Total property, plant and equipment	67,338	69,104
Intangible assets	5,990	6,407
Investments and other assets:		
Investment securities	38,121	33,982
Others	12,283	18,362
Allowance for doubtful receivables	(110)	(102)
Total investments and other assets	50,295	52,242
Fixed assets	123,623	127,754
Total assets	394,210	391,294

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	12,393	18,523
Income taxes payable	6,914	6,298
Reserve for bonuses	7,041	8,120
Reserve for sales returns	67	96
Reserve for sales rebates	477	412
Others	20,017	19,897
Total current liabilities	46,912	53,349
Long-term liabilities:		
Long-term debt	900	—
Liability for retirement benefits	9,491	9,253
Liability for directors' retirement benefits	44	42
Others	3,651	4,153
Total long-term liabilities	14,088	13,449
Total liabilities	61,000	66,799
<b>Net assets</b>		
Shareholders' equity:		
Common stock	22,400	22,400
Capital surplus	15,860	15,860
Retained earnings	289,692	281,628
Treasury stock	(644)	(643)
Total shareholders' equity	327,308	319,245
Valuation, translation adjustments and others:		
Unrealized gains on available-for-sale securities, net of tax	7,117	5,162
Deferred gains or losses on hedges	(1,241)	—
Foreign currency translation adjustment	(66)	—
Total valuation, translation adjustments and others	5,808	5,162
Minority interests	93	87
Total net assets	333,210	324,495
Total liabilities and net assets	394,210	391,294

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Net sales	134,358	132,210
Cost of sales	52,834	51,351
Gross profit	81,523	80,858
Provision for reserve for sales returns	14	—
Reversal of reserve for sales returns	—	29
Gross profit-net	81,509	80,887
Selling, general and administrative expenses		
Provision for allowance for doubtful receivables	66	14
Salaries	8,231	8,701
Provision for reserve for bonuses	4,370	4,491
Provision for liability for directors' retirement benefits	6	6
Research and development costs	24,784	24,245
Others	25,872	24,509
Total selling, general and administrative expenses	63,331	61,968
Operating income	18,177	18,919
Non-operating income		
Interest income	498	378
Dividend income	380	348
Insurance income	248	198
Others	319	500
Total non-operating income	1,447	1,426
Non-operating expenses		
Interest expense	58	35
Contribution	927	923
Others	429	333
Total non-operating expenses	1,416	1,293
Ordinary income	18,208	19,053
Income before income taxes and minority interests	18,208	19,053
Income taxes	7,332	6,393
Minority interests in net income	6	5
Net income	10,870	12,654

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2009
Net cash provided by operating activities:		
Income before income taxes and minority interests	18,208	19,053
Depreciation and amortization	5,499	5,475
Provision for liability for retirement benefits, less payments	133	728
Provision for other liabilities	(1,384)	(1,248)
Interest and dividend income	(878)	(727)
Interest expense	58	35
Decrease (increase) in notes and accounts receivable	1,684	(2,075)
Decrease (increase) in inventories	1,530	3,862
Increase (decrease) in notes and accounts payable	(2,980)	(5,888)
Other—net	(2,289)	(1,179)
Subtotal	19,582	18,035
Interest and dividend received	893	907
Interest paid	(33)	(11)
Income taxes paid	(10,063)	(5,936)
Net cash provided by operating activities	10,378	12,994
Net cash used in investing activities:		
Increase in time deposits	(1,000)	—
Decrease in time deposits	3,000	5,000
Proceeds from sales of marketable securities	1,000	—
Proceeds from redemption of marketable securities	—	2,000
Purchases of property, plant and equipment	(10,278)	(3,023)
Purchases of intangible assets	(1,967)	(529)
Purchases of investment securities	(3,822)	(376)
Purchase of investments in subsidiaries	—	(1,070)
Other—net	74	127
Net cash used in investing activities	(12,993)	2,127
Net cash used in financing activities:		
Net increase (decrease) in short-term bank loans	—	(100)
Repayment of long-term debt	(4,600)	—
Net decrease (increase) in treasury stock	(61)	(1)
Dividends paid	(3,574)	(3,574)
Dividends paid to minority shareholders	(0)	(0)
Net cash used in financing activities	(8,236)	(3,676)
Effect of exchange rate changes on cash and cash equivalents	47	(18)
Net increase (decrease) in cash and cash equivalents	(10,804)	11,427
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	—	482
Cash and cash equivalents at the end of period	45,455	61,390

(4) Notes on premise of going concern

Not applicable.

(5) Segment Information

**Business segment information**

Six months ended September 30, 2008

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
Sales					
Sales to customers	106,109	28,249	134,358	—	134,358
Intersegment sales and transfers	—	—	—	—	—
Total	106,109	28,249	134,358	—	134,358
Operating income	17,519	658	18,177	—	18,177

Six months ended September 30, 2009

(Millions of yen)

	Pharmaceuticals	Other products	Total	Eliminations / Corporate	Consolidated
Sales					
Sales to customers	103,542	28,667	132,210	—	132,210
Intersegment sales and transfers	—	—	—	—	—
Total	103,542	28,667	132,210	—	132,210
Operating income	17,678	1,240	18,919	—	18,919

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**

Six months ended September 30, 2008

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

Six months ended September 30, 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**

Six months ended September 30, 2008

(Millions of yen)

Overseas sales	12,647
Consolidated net sales	134,358
Overseas sales as a percentage of consolidated net sales	9.4%

Six months ended September 30, 2009

(Millions of yen)

Overseas sales	12,434
Consolidated net sales	132,210
Overseas sales as a percentage of consolidated net sales	9.4%

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

Not applicable.