



Summary of Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2012 [Japanese GAAP] (Unaudited)

February 3, 2012

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Stock Exchange Listings: Tokyo, Osaka
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Filing Date of Quarterly Financial Report: February 10, 2012
Starting Date of Dividend Payments: —
Preparation of Supplementary Financial Data for Quarterly Financial Results: Yes
Information Meeting for Quarterly Financial Results to be held: Yes (for institutional investors and analysts)

(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, 2012 (April 1, 2011 to December 31, 2011)

(1) Results of Operations

(% represents 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, 2011	265,203	(5.6)	22,325	(17.5)	21,961	(16.2)	10,273	(30.5)
Nine months ended December 31, 2010	280,805	37.8	27,064	(15.4)	26,193	(17.6)	14,788	(30.1)

Note: Comprehensive income (Millions of yen)

Nine months ended December 31, 2011: (833) —% Nine months ended December 31, 2010: (7,887) —%

	Earnings per share	Earnings per share (diluted)
Nine months ended December 31, 2011	¥25.86	—
Nine months ended December 31, 2010	¥37.22	—

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of December 31, 2011	554,184	315,997	57.0%
As of March 31, 2011	589,868	323,983	54.9%

Reference: Shareholders' Equity (Millions of yen)

As of December 31, 2011: 315,997 As of March 31, 2011: 323,983

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
Year ended March 31, 2011	—	¥9.00	—	¥9.00	¥18.00
Year ending March 31, 2012	—	¥9.00	—		
Year ending March 31, 2012 (Forecast)				¥9.00	¥18.00

Note: Revision of dividend forecasts during this period: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% represents 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, 2012	352,000	(7.2)	22,000	(28.9)	22,000	(23.1)	10,000	(40.5)	¥25.17

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) : None

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

• 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 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.

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

- ① Changes due to changes in accounting standards: None
- ② Changes due to changes in accounting standards other than (3),①: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatements: None

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

① Number of shares outstanding (Including treasury stock)

December 31, 2011: 397,900,154 shares

March 31, 2011: 397,900,154 shares

② Number of treasury stock

December 31, 2011: 588,386 shares

March 31, 2011: 587,168 shares

③ Average number of shares during the period

December 31, 2011: 397,312,225 shares

December 31, 2010: 397,314,779 shares

Indication of quarterly review procedure implementation status:

This summary of financial results is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the quarterly review procedure process at the time of disclosure of this report.

Explanation for Appropriate Use of Forecasts and Other Notes:

This document contains forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involves risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including economic conditions.

The Company holds the Conference Call for institutional investors and analysts on Friday, February 3, 2012. The documents distributed at the presentation are scheduled to be posted on our website.

【Attachment Documents】

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1. Qualitative Information for the Nine Months Ended December 31, 2011

(1) Qualitative Information on Consolidated Business Results

The situation in the pharmaceutical industry is still severe, in part due to the stagnation in discovering new epoch-making drugs and the increase in developing cost of new drugs, in part due to getting rigorous of examination for the approval and making progress in reform of healthcare systems.

Under such circumstances, the DSP Group is striving to conduct business activities, by setting transforming the revenue source structure in Japan, expanding overseas operations and maximizing earnings, and expanding the drug pipeline for the future growth as the most important tasks.

Net sales by the Group for the nine months ended December 31 of this consolidated fiscal year amounted to 265,203 million yen (a 5.6% decrease year-on-year) owing to the appreciation of yen. Operating income amounted to 22,325 million yen (a 17.5% decrease year-on-year) and ordinary income amounted to 21,961 million yen (a 16.2% decrease year-on-year) because selling, general and administrative expenses such as marketing expenses in the U.S. increased in spite of the decrease of R&D costs. In addition, due to posting extraordinary income from sales of fixed assets, mainly the former land of the Tokyo Northern Office, and extraordinary loss from impairment of a part of patent rights and business restructuring costs, income before income taxes and minority interests amounted to 19,604 million yen (a 18.2% decrease year-on-year). Consequently, net income amounted to 10,273 million yen (a 30.5% decrease year-on-year) due to the change of the estimated effective corporate tax rate as a result of the Corporation Tax Act of Japan revision.

From the consolidated fiscal year ending March 31, 2012, the Group revised classification of the reportable segments to strengthen the performance management of the pharmaceutical business for each market. The results by business segment are as follows:

Note: R&D costs are not allocated to any segment as the group manages such costs on a global basis.

① Japan segment

This represents the business performance of the domestic pharmaceutical business of the DSP. The company has continued its intensive infusions of operating resources into its strategic products, such as AVAPRO[®], a therapeutic agent for hypertension, LONASEN[®], an atypical antipsychotic, and PRORENAL[®], a vasodilator, as well as its new products, such as TRERIEF[®], a Parkinson's disease drug, MIRIPLA[®], a therapeutic agent for hepatocellular carcinoma, METGLUCO[®], a biguanide oral hypoglycemic, thereby working to increase in sales. In addition, the company has aggressively worked to expand the income by pursuing continuous improvement in management efficiency, such as pursue low-cost operations. However, partly due to the impact by assignment of the growth hormone business in the previous year, net sales amounted to 139,133 million yen (a 0.5% decrease year-on-year) and segment income amounted to 54,476 million yen (a 0.1% increase year-on-year).

② North America segment

This represents the business performance of the U.S. subsidiaries led by Sunovion Pharmaceuticals Inc. and the North America business of the DSP. The Group strived to achieve early market penetration and sales expansion of the its global strategic product, LATUDA[®], an atypical antipsychotic, while conducting aggressive promotional activities for existing products such as the sedative hypnotic LUNESTA[®]. Net sales remained almost the same level compared with the year-earlier period on a local currency, however, it amounted to 79,751 million yen (a 9.9% decrease year-on-year) due to the effect of strong yen . Segment loss amounted to 191 million yen (in year-earlier period, segment income amounted to 8,045 million yen) due to the increase of expense related to LATUDA[®].

③ China segment

This represents the business performance of the Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. and the China business of the DSP. Mainly due to the sales of MEROPEN[®] (sold in China as MEPEN[®]), a carbapenem antibiotic preparation, net sales amounted to 4,775 million yen (a 12.7% increase year-on-year). Segment income amounted to 916 million yen (a 36.0% decrease year-on-year) due to increase in selling, general and administrative expenses.

④ Other Regions segment

This represents mainly the business performance of the export excluding North America and China. Net sales amounted to 11,289 million yen (a 17.2% decrease year-on-year) and segment income amounted to 5,322 million yen (a 26.8% decrease year-on-year).

In addition to the above-mentioned reporting segments, the Group has been marketing food ingredients, food additives, chemical product materials, veterinary drugs, diagnostic products, etc. and net sales of these products amounted to 30,253 million yen (a 12.6% decrease year-on-year) and segment income amounted to 2,479 million yen (a 12.4% increase year-on-year).

(2) Qualitative Information on Consolidated Financial Condition

Total assets decreased 35,684 million yen from the previous consolidated fiscal year-end, to 554,184 million yen, primarily due to the decrease amortization of patent rights and goodwill.

Total liabilities decreased 27,698 million yen from the previous consolidated fiscal year-end, to 238,186 million yen, primarily due to the decrease in interest-bearing debt.

Net assets decreased 7,985 million yen from the previous consolidated fiscal year-end, to 315,997 million yen, mainly because of the fluctuation of the foreign currency translation adjustment due to strong yen despite the increase in retained earnings.

In addition, shareholders' equity ratio as of the end of the third quarter of the present consolidated fiscal year amounted to 57.0%.

(3) Qualitative Information on Consolidated Financial Forecasts

Consolidated financial forecasts were revised, reflecting changes in the business performance from the previous forecasts announced on October 31, 2011.

Revision of consolidated financial forecasts for the fiscal year ending March 31, 2012

(April 1, 2011 – March 31, 2012)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Yen million	Yen million	Yen million	Yen million	
Previous forecasts (A)	352,000	20,000	19,000	12,000	¥30.20
New forecasts (B)	352,000	22,000	22,000	10,000	¥25.17
(B—A)	—	2,000	3,000	(2,000)	
Change (%)	—	10.0	15.8	(16.7)	
(Reference) Results for the year ended March 31, 2011	379,513	30,951	28,616	16,796	¥42.27

Net sales are expected to proceed according to the previous financial forecasts.

However, due to our continuous commitment in pursuit of management efficiency reducing costs of sales and SG&A expenses etc., we expect operating income and ordinary income to exceed the forecast in the previous announcement.

Meanwhile, a new extraordinary loss of 36.0 billion yen was recorded in the third quarter (impairment loss of patent rights, business restructuring costs). In addition, since an increase in tax expenses owing to the Corporation Tax Act of Japan revision announced in December 2011, net income is expected to be less compared to the previous forecast.

Consequently, in the consolidated financial forecasts for the year ending March 31 2012, the Company anticipates operating income increases 2.0 billion yen to 22.0 billion yen, ordinary income increases 3.0 billion yen to 22.0 billion yen and net income decreases 2.0 billion yen to 10.0 billion yen compared to the previous forecast announced on October 31, 2011.

Note: Forecasts shown above are based on management's assumptions and beliefs in light of the information currently available, and involves risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including economic conditions.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of December 31, 2011
Assets		
Current assets:		
Cash and time deposits	14,938	9,737
Notes and accounts receivable	107,803	101,979
Marketable securities	90,921	93,345
Merchandise and finished goods	38,442	41,494
Work-in-process	2,388	3,016
Raw materials and supplies	15,140	13,853
Deferred tax assets	33,489	31,752
Short-term loans	25,000	25,000
Others	4,998	4,730
Allowance for doubtful receivables	(122)	(110)
Total current assets	332,999	324,799
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	91,227	90,619
Accumulated depreciation and impairment loss	(49,497)	(50,206)
Buildings and structures, net	41,730	40,413
Machinery, equipment and carriers	77,089	77,043
Accumulated depreciation and impairment loss	(65,030)	(66,642)
Machinery, equipment and carriers, net	12,058	10,400
Land	10,291	10,244
Construction in progress	941	1,351
Others	27,529	27,890
Accumulated depreciation and impairment loss	(22,758)	(23,462)
Others, net	4,771	4,428
Total property, plant and equipment	69,793	66,839
Intangible assets:		
Goodwill	70,369	64,300
Patent rights	60,984	37,810
Others	11,912	10,770
Total intangible assets	143,266	112,881
Investments and other assets:		
Investment securities	27,922	26,861
Deferred tax assets	7,023	13,648
Others	8,961	9,208
Allowance for doubtful receivables	(99)	(54)
Total investments and other assets	43,807	49,663
Total fixed assets	256,868	229,384
Total assets	589,868	554,184

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	15,647	17,737
Short-term loans payable	50,000	—
Current portion of long-term loans payable	10,600	10,000
Income taxes payable	7,678	8,714
Reserve for bonuses	7,431	3,942
Reserve for sales returns	2,289	3,140
Reserve for sales rebates	15,875	17,685
Others	47,681	40,686
Total current liabilities	157,203	101,906
Long-term liabilities:		
Bonds payable	50,000	70,000
Long-term loans payable	43,000	50,500
Liability for retirement benefits	10,266	10,755
Others	5,414	5,024
Total long-term liabilities	108,680	136,279
Total liabilities	265,884	238,186
Net assets		
Shareholders' equity:		
Common stock	22,400	22,400
Capital surplus	15,860	15,860
Retained earnings	304,186	307,307
Treasury stock	(648)	(649)
Total shareholders' equity	341,798	344,918
Accumulated other comprehensive income (loss)		
Unrealized gains on available-for-sale securities, net of tax	5,413	5,705
Foreign currency translation adjustment	(23,228)	(34,626)
Total accumulated other comprehensive income (loss)	(17,814)	(28,921)
Total net assets	323,983	315,997
Total liabilities and net assets	589,868	554,184

(2) Consolidated Statements of (Comprehensive) Income

Consolidated Statements of Income

	(Millions of yen)	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	280,805	265,203
Cost of sales	83,764	73,967
Gross profit	197,040	191,236
Reversal of reserve for sales returns	25	—
Provision for reserve for sales returns	—	13
Gross profit-net	197,066	191,222
Selling, general and administrative expenses		
Salaries	26,126	27,421
Provision for reserve for bonuses	2,541	2,670
Research and development costs	46,330	40,706
Others	95,002	98,098
Total selling, general and administrative expenses	170,001	168,897
Operating income	27,064	22,325
Non-operating income		
Interest income	381	271
Dividend income	751	674
Others	1,452	1,085
Total non-operating income	2,585	2,031
Non-operating expenses		
Interest expense	1,245	863
Contribution	1,048	820
Others	1,162	710
Total non-operating expenses	3,456	2,395
Ordinary income	26,193	21,961
Extraordinary income		
Gain on sales of property, plant and equipment	—	1,240
Total extraordinary income	—	1,240
Extraordinary loss		
Impairment loss	2,221	2,360
Business structure improvement expenses	—	1,236
Total extraordinary loss	2,221	3,597
Income before income taxes and minority interests	23,971	19,604
Income taxes	9,183	9,331
Income before minority interests	14,788	10,273
Net income	14,788	10,273

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income before minority interests	14,788	10,273
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale securities, net of tax	(1,870)	292
Foreign currency translation adjustment	(20,806)	(11,398)
Total other comprehensive income (loss)	(22,676)	(11,106)
Comprehensive income (loss)	(7,887)	(833)
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(7,887)	(833)
Comprehensive income (loss) attributable to minority interests	—	—

(3) Notes on Premise of Going Concern

Not applicable.

(4) Segment Information

I Nine months ended December 31, 2010

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments				Other Business*	Total
	Japan (Pharmaceuticals)	U.S.	China	Subtotal		
Net sales						
Sales to customers	153,639	88,474	4,078	246,192	34,613	280,805
Intersegment sales and transfers	4,995	3,368	489	8,852	36	8,889
Total	158,635	91,842	4,567	255,045	34,649	289,694
Income (loss) of segment	31,926	(4,946)	1,194	28,173	1,638	29,812

Note: The "Other Business" category incorporates operations not included in reportable segments, including food additives, animal health products, diagnostics and other products.

2. Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

(Millions of yen)

Income	Amount
Reportable segments total	28,173
Income of "Other Business"	1,638
Elimination of intersegment transactions	(2,747)
Operating income on consolidated statements of income	27,064

3. Information on impairment losses of fixed assets or goodwill etc. by reportable segment

(Significant impairment losses relating to fixed assets)

In the U.S. segment, an impairment loss is recorded for a part of patent rights. The patent right deemed to have no future profitability is evaluated as zero in terms of collectability and 2,221 million yen of unamortized balance is recorded as an impairment loss.

II Nine months ended December 31, 2011

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments					Other Business*	Total
	Pharmaceuticals Business						
	Japan	North America	China	Other Regions	Subtotal		
Net sales							
Sales to customers	139,133	79,751	4,775	11,289	234,949	30,253	265,203
Intersegment sales and transfers	164	—	—	—	164	63	228
Total	139,298	79,751	4,775	11,289	235,114	30,317	265,431
Income (loss) of segment	54,476	(191)	916	5,322	60,523	2,479	63,003

Note: The "Other Business" category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs, diagnostics and other products.

2. Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

(Millions of yen)

Income	Amount
Reportable segments total	60,523
Income of "Other Business"	2,479
Research and development costs	(40,706)
Elimination of intersegment transactions	28
Operating income on consolidated statements of income	22,325

Note: Research and development costs are not allocated to any segment as the Group manages such cost on a global basis.

3. Change of Reportable Segments

From the first quarter of the present consolidated fiscal year, in order to strengthen the market-specific performance management, such as Japan, North America, China, the classification of profit management within the group has changed from the previous three [Japan (Pharmaceuticals), U.S., China] to four reportable segments [Japan, North America, China, Other Regions].

Because of this, results from overseas dealings that were included in the previous Japan (Pharmaceuticals) segment are now included in the North America, China and Other Regions segments. Moreover, from the first quarter of the present consolidated fiscal year, in order to manage R&D costs globally, they are not included in each segment.

As a result, segment income is changed to the operating income before R&D costs from the past operating income. For the corresponding fiscal period of the previous consolidated fiscal year, information on sales and income (loss) by reportable segment created from the revised classification of segments is outlined below.

Nine months ended December 31, 2010

(Millions of yen)

	Reportable Segments					Other Business*	Total
	Pharmaceuticals Business						
	Japan	North America	China	Other Regions	Subtotal		
Net sales							
Sales to customers	139,851	88,474	4,237	13,628	246,192	34,613	280,805
Intersegment sales and transfers	119	—	—	—	119	36	155
Total	139,971	88,474	4,237	13,628	246,312	34,649	280,961
Income (loss) of segment	54,421	8,045	1,432	7,271	71,170	2,206	73,377

Note: The "Other Business" category incorporates operations not included in reportable segments, including food additives, animal health products, diagnostics and other products.

Difference between total of the income (loss) of the reportable segments and the amount on consolidated statements of income, and main contents of the difference (adjustment of difference)

	(Millions of yen)
Income	Amount
Reportable segments total	71,170
Income of "Other Business"	2,206
Research and development costs	(46,330)
Elimination of intersegment transactions	17
Operating income on consolidated statements of income	27,064

4. Information on impairment losses of fixed assets or goodwill etc. by reportable segment

(Significant impairment losses relating to fixed assets)

In the North America segment, an impairment loss is recorded for a part of patent rights. The patent right deemed to have little future profitability are evaluated in terms of collectability and 2,360 million yen is recorded as an impairment loss.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.