



**Overview of Consolidated Financial Results for
the First Quarter of the Year Ending March 31, 2007 (Unaudited)
(Fiscal Year 2006: April.1, 2006 to March.31, 2007)**

July 28, 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>)

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.

1. Basis of Preparing the Consolidated Financial Statements

- ① Adoption of simplified method :
 "Income taxes" in the consolidated statements of income for the quarterly period were calculated using a simplified method.
- ② Change of the accounting principles from the previous year : None
- ③ Changes in scope of consolidation and application of the equity method : None

2. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2007

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
Apr.1, 2006 to Jun.30, 2006	65,273	56.3	12,174	217.0	12,459	201.1
Apr.1, 2005 to Jun.30, 2005	41,750	1.2	3,841	53.6	4,138	44.4
Year ended Mar.31, 2006	245,783		28,885		27,235	

	Net income		Earnings per share	Earnings per share (diluted)
	Yen Million	% change		
Apr.1, 2006 to Jun.30, 2006	5,554	190.9	¥13.97	—
Apr.1, 2005 to Jun.30, 2005	1,909	1.5	¥11.57	—
Year ended Mar.31, 2006	15,377		¥54.57	—

Note: Presentation of percentages in the above shows increase or decrease ratio in comparison with the figures for the corresponding period of the previous fiscal year.

(2) Financial Position

(millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
Jun.30, 2006	373,221	*1 291,180	*2 77.8%	*3 ¥730.15
Jun.30, 2005	198,740	135,586	68.2%	¥821.71
Mar.31, 2006	392,965	287,764	73.2%	¥723.63

Notes : *1: including minority interests

*2: (net assets — minority interests) / total assets

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

(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
Apr.1, 2006 to Jun.30, 2006	13,004	(5,626)	(4,119)	74,577
Apr.1, 2005 to Jun.30, 2005	8,464	(576)	(935)	45,134
Year ended Mar.31, 2006	9,084	(10,446)	(7,286)	71,318

3. 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
Six months ending Sep.30, 2006	127,000	17,000	7,500
Year ending Mar.31, 2007	260,000	40,000	21,000

Reference : Estimated earnings per share for Fiscal 2006 : ¥52.82

Notes : 1. Forecasts are unchanged from those announced on May 11, 2006.

2. 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) Consolidated Balance Sheets

ASSETS		(Millions of yen)				
	As of June 30, 2006		As of June 30, 2005		As of March 31, 2006	
		%		%		%
Current assets:	227,205	60.9	129,288	65.1	249,733	63.6
Cash and time deposits	56,587		42,142		60,327	
Notes and accounts receivable	89,579		56,277		114,503	
Marketable securities	20,991		4,560		13,995	
Inventories	43,485		18,119		44,116	
Deferred tax assets	11,124		5,080		11,126	
Others	5,654		3,180		5,773	
Allowance for doubtful receivables	(217)		(73)		(109)	
Fixed assets:	146,015	39.1	69,451	34.9	143,232	36.4
Property, plant and equipment	67,849	18.2	32,018	16.1	68,335	17.4
Buildings and structures	37,928		19,808		37,695	
Machinery, equipment and carriers	13,310		5,740		14,136	
Land	9,988		4,499		9,988	
Construction in progress	1,829		17		1,615	
Others	4,791		1,952		4,900	
Intangible fixed assets	6,000	1.6	3,159	1.6	5,952	1.5
Investments and other assets	72,166	19.3	34,273	17.2	68,944	17.5
Investment securities	48,665		29,270		48,920	
Deferred tax assets	490		47		373	
Others	23,428		5,343		20,073	
Allowance for doubtful receivables	(417)		(388)		(423)	
Total assets	373,221	100.0	198,740	100.0	392,965	100.0

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of June 30, 2006		As of June 30, 2005		As of March 31, 2006	
		%		%		%
Total liabilities	82,041	22.0	62,359	31.4	104,332	26.6
Current liabilities:	59,912	16.1	47,414	23.9	80,070	20.4
Notes and accounts payable	20,627		31,315		38,693	
Income taxes payable	5,540		1,715		8,410	
Reserve for bonuses	3,717		1,779		8,050	
Reserve for sales returns	121		54		113	
Reserve for sales rebates	407		763		565	
Others	29,499		11,785		24,237	
Long-term liabilities:	22,128	5.9	14,945	7.5	24,261	6.2
Long-term debt	4,761		7,000		5,275	
Long-term accounts payable	—		1,104		—	
Deferred tax liabilities	—		1,250		—	
Reserve for retirement benefits	12,757		5,538		14,116	
Reserve for directors' retirement benefits	43		50		59	
Others	4,565		—		4,810	
Minority interests	—		794	0.4	869	0.2
Shareholders' equity	—		135,586	68.2	287,764	73.2
Common stock	—		13,444	6.8	22,400	5.7
Capital surplus	—		15,860	8.0	15,860	4.0
Retained earnings	—		101,877	51.2	232,485	59.2
Unrealized gains on available-for-sale securities	—		7,932	4.0	17,348	4.4
Treasury stock	—		(3,528)	(1.8)	(329)	(0.1)
Total liabilities, minority interests and shareholders' equity	—		198,740	100.0	392,965	100.0
Net assets	291,180	78.0	—		—	
Shareholders' equity	273,126	73.2	—		—	
Common stock	22,400	6.0	—		—	
Capital surplus	15,860	4.3	—		—	
Retained earnings	235,214	63.0	—		—	
Treasury stock	(347)	(0.1)	—		—	
Unrealized gains or losses and translation differences, etc.	17,179	4.6	—		—	
Unrealized gains on available-for-sale securities	17,179	4.6	—		—	
Minority interests	874	0.2	—		—	
Total liabilities and net assets	373,221	100.0	—		—	

(2) Consolidated Statements of Income

(Millions of yen)

	First quarter of fiscal 2006 (April 1, 2006-June 30, 2006)		First quarter of fiscal 2005 (April 1, 2005-June 30, 2005)		Fiscal 2005 (April 1, 2005-March 31, 2006)	
		%		%		%
Net sales	65,273	100.0	41,750	100.0	245,783	100.0
Cost of sales	24,610	37.7	25,569	61.2	130,444	53.1
Gross profit	40,662	62.3	16,181	38.8	115,339	46.9
Provision for reserve for sales returns	8	0.0	(10)	(0.0)	(7)	(0.0)
Net gross profit	40,653	62.3	16,192	38.8	115,347	46.9
Selling, general and administrative expenses	28,479	43.6	12,351	29.6	86,461	35.1
Operating income	12,174	18.7	3,841	9.2	28,885	11.8
Non-operating income:	724	1.1	592	1.4	1,726	0.7
Non-operating expense:	439	0.7	294	0.7	3,377	1.4
Recurring income	12,459	19.1	4,138	9.9	27,235	11.1
Extraordinary income:	—		—		4,422	1.8
Gains on sales of investment securities	—		—		1,852	
Gains on sales of property, plant and equipment	—		—		1,788	
Gains on transfer of the substitutional portion of the government pension program	—		—		781	
Extraordinary expense:	2,938	4.5	524	1.2	5,970	2.4
Additional retirement benefits for employees	2,938		—		—	
Expense related to merger	—		524		5,794	
Loss on business restructuring	—		—		176	
Income before income taxes and minority interests	9,520	14.6	3,613	8.7	25,687	10.5
Income taxes	3,949	6.1	1,688	4.1	10,239	4.2
Minority interests	16	0.0	15	0.0	70	0.0
Net income	5,554	8.5	1,909	4.6	15,377	6.3

(3) Consolidated Statement of Changes in Shareholders' Equity

First quarter of fiscal 2006 (April 1, 2006-June 30, 2006)

(Millions of yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of year	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	—	—	5,554	—	5,554
Cancellation of treasury stock	—	0	—	0	0
Acquisition of treasury stock	—	—	—	(18)	(18)
Changes in items other than shareholders' equity (net)	—	—	—	—	—
Total	—	0	2,728	(18)	2,710
Balance at end of period	22,400	15,860	235,214	(347)	273,126

(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.		
Balance at beginning of year	17,348	17,348	869	288,633
Changes during the period				
Cash dividends	—	—	—	(2,783)
Directors' bonuses	—	—	—	(42)
Net income	—	—	—	5,554
Cancellation of treasury stock	—	—	—	0
Acquisition of treasury stock	—	—	—	(18)
Changes in items other than shareholders' equity (net)	(168)	(168)	4	(163)
Total	(168)	(168)	4	2,546
Balance at end of period	17,179	17,179	874	291,180

(4) Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of yen)

	First quarter of fiscal 2005 (April 1, 2005-June 30, 2005)	Fiscal 2005 (April 1, 2005-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	1,909	138,124
Net income	1,909	15,377
Increase due to merger	—	122,747
Deductions	853	6,461
Cash dividends paid	825	1,649
Bonuses to directors and corporate auditors	28	28
(Including bonuses to corporate auditors)	[8]	[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	101,877	232,485

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter of fiscal 2006 (April 1, 2006-June 30, 2006)	First quarter of fiscal 2005 (April 1, 2005-June 30, 2005)	Fiscal 2005 (April 1, 2005-March 31, 2006)
Cash flows from operating activities:			
Income before income taxes and minority interests	9,520	3,613	25,687
Depreciation and amortization	2,859	1,141	8,900
Provision for liability for retirement benefits, less payments	(1,765)	(294)	(1,151)
Interest and dividend income	(355)	(222)	(518)
Interest expense	22	15	90
Gains on sales of investment securities	—	(10)	(1,852)
Decrease (increase) in notes and accounts receivable	24,923	11,127	(4,218)
Decrease (increase) in inventories	631	(1,902)	(3,348)
Increase in notes and accounts payable	(18,066)	(1,042)	(143)
Other, net	1,834	(179)	(2,066)
Subtotal	19,604	12,246	21,379
Interest and dividend received	356	224	528
Interest paid	(3)	(2)	(66)
Income taxes paid	(6,952)	(4,004)	(12,756)
Net cash provided by operating activities	13,004	8,464	9,084
Cash flows from investing activities:			
Increase in time deposits etc.	(4,000)	—	(8,013)
Purchases of property, plant and equipment	(1,960)	(254)	(4,572)
Purchases of investment securities	(2)	(3)	(1,572)
Proceeds from sales of investment securities	—	41	2,886
Net decrease(increase) in short-term loan	1,000	—	(1,100)
Other, net	(663)	(359)	1,925
Net cash used in investing activities	(5,626)	(576)	(10,446)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(900)	(200)	(670)
Repayment of long-term borrowings	(514)	—	(1,917)
Increase in treasury stock	(18)	(20)	(155)
Dividends paid	(2,679)	(707)	(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	(4,119)	(935)	(7,286)
Net increase (decrease) in cash and cash equivalents	3,258	6,952	(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
Decrease in cash and cash equivalents resulting from change in number of consolidated subsidiaries	—	—	(449)
Cash and cash equivalents at end of period	74,577	45,134	71,318

(6) Segment Information

Segment information by business segment

First quarter of Fiscal 2006 (April 1, 2006 - June 30, 2006)

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	51,676	13,596	65,273	—	65,273
Inter-segment sales / transfers	—	—	—	—	—
Total	51,676	13,596	65,273	—	65,273
Operating expenses	39,863	13,234	53,098	—	53,098
Operating income	11,813	361	12,174	—	12,174

First quarter of Fiscal 2005 (April 1, 2005 - June 30, 2005)

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	28,946	12,804	41,750	—	41,750
Inter-segment sales / transfers	—	230	230	(230)	—
Total	28,946	13,035	41,981	(230)	41,750
Operating expenses	25,437	12,703	38,140	(230)	37,909
Operating income	3,509	332	3,841	—	3,841

Fiscal 2005 (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 from the third quarter of the fiscal 2005 instead of the previous three business segments shown above because "Animal health products" had 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 were born by the two segments.

Business segment information for first quarter 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 fiscal 2005 and for the first quarter of fiscal 2006 and 2005 were less than 10% of consolidated net sales.

Reference Data

- All values are rounded to the nearest billion yen. Therefore totals may not be consistent with aggregated figures.

- Change (%) is based on comparison of simple totals of pre-merger 1Q results of Fiscal 2005 of Dainippon Pharmaceutical Co., Ltd. and Sumitomo Pharmaceuticals Co., Ltd. with 1Q results of Fiscal 2006 of Dainippon Sumitomo Pharma Co., Ltd.

I. Consolidated Statements of Income

1. Statements of Income

(Billions of Yen)

	1Q of fiscal 2005	1Q of fiscal 2005 (simple totals)	1Q of fiscal 2006	Change (%)	
Net sales	41.8	81.0	65.3	-19.4	<ul style="list-style-type: none"> - Dissolving partnerships (Abbott Japan, etc.) - NHI drug price revision - Decrease in industrial property revenues
Cost of Sales	25.6	37.6	24.6	-34.5	
Gross profit	16.2	43.4	40.7	-6.4	<ul style="list-style-type: none"> - NHI drug price revision - Decrease in industrial property revenues
Selling, general and administrative expenses (R&D expenditures)	12.4 (3.8)	29.2 (9.8)	28.5 (9.6)	-2.5 (-2.3)	
Operating income	3.8	14.2	12.2	-14.3	
Non-operating income	0.6	0.8	0.7	-5.1	
Non-operating expense	0.3	0.8	0.4	-43.2	
Recurring income	4.1	14.2	12.5	-12.3	<ul style="list-style-type: none"> - Gains on business transfers: 4.3 (1Q of fiscal 2005)
Extraordinary income	-	4.3	-	-	
Extraordinary expense	0.5	0.9	2.9	211.7	<ul style="list-style-type: none"> - Expense related to merger: 0.9 (1Q of fiscal 2005) - Additional retirement benefits for employees: 2.9 (1Q of fiscal 2006)
Income before income taxes and minority interests	3.6	17.5	9.5	-45.6	
Income taxes	1.7	7.6	3.9	-47.7	
Minority interests	0.0	0.0	0.0	4.6	
Net income	1.9	9.9	5.6	-44.1	

(Reference) Forecasts

(Billions of Yen)

	Six months ending 9/30/06		Year ending 3/31/07	
	(Forecast)	Change(%)	(Forecast)	Change(%)
Net sales	127.0	-19.2	260.0	-18.3
Operating income	17.5	-29.4	41.0	-8.2
Recurring income	17.0	-27.5	40.0	-5.2
Net income	7.5	-46.0	21.0	-16.9

Note: Forecasts are unchanged from those announced on May 11, 2006.

Change (%) is based on comparison with simple totals of the previous fiscal year.

2. Sales of Major Products

Domestic Sales

Billions of Yen

Brand name (Generic name) Therapeutic indication	1Q of fiscal 2005	Fiscal 2005	1Q of fiscal 2006	Fiscal 2006 (Forecast)
AMLODIN [®] (amlodipine) Therapeutic agent for hypertension and angina pectoris	14.7	56.8	14.0	57.0
GASMOTIN [®] (mosapride citrate) Gastroprokinetic	3.9	16.3	4.5	20.0
MEROPEN [®] (meropenem) Carbapenem antibiotic	3.5	14.1	3.6	14.0
PRORENAL [®] (limaprost alfadex) Vasodilator	3.0	12.6	3.5	14.5
EBASTEL [®] (ebastine) Antiallergic	2.4	11.3	2.4	11.0
SUMIFERON [®] (interferon- α (NAMALWA)) Natural alpha interferon	1.5	6.0	1.6	6.1
QVAR [™] (beclomethasone dipropionate) Bronchial asthma	0.9	4.2	1.3	5.4
GROWJECT [®] (somatropin) Growth hormone	1.3	4.9	1.3	5.0
GLIMICRON [®] (gliclazide) Oral hypoglycemic	1.3	4.7	1.2	4.5
DOPS [®] (droxidopa) Norepinephrine-activating neural function ameliorant	1.2	4.7	1.2	4.3
TAGAMET [®] (cimetidine) H ₂ -receptor antagonist	1.2	4.6	1.1	3.5
EXCEGRAN [®] (zonisamide) Antiepileptic	0.9	3.6	0.9	3.5
ALMARL [®] (arotinolol) Therapeutic agent for hypertension, angina pectoris and arrhythmia	1.0	3.7	0.9	3.3
LULLAN [®] (perospirone) Antipsychotic	0.8	3.0	0.8	3.3
SEDIEL [®] (tandospirone) Serotonin-agonist antianxiety drug	0.8	3.1	0.8	2.8

Exports

Billions of Yen

Brand name (Generic name) Category	1Q of fiscal 2005	Fiscal 2005	1Q of fiscal 2006	Fiscal 2006 (Forecast)
MEROPENEM (meropenem trihydrate) Carbapenem antibiotic	4.2	12.9	4.4	14.1
MOSAPRIDE (mosapride citrate) Gastroprokinetic	0.3	0.9	0.3	1.0
ZONISAMIDE (zonisamide) Antiepileptic	0.7	2.4	0.1	0.7
Others	0.2	0.6	0.2	0.7
Export total	5.3	16.8	5.0	16.5

II. Consolidated Balance Sheet

ASSETS

(Billions of Yen)

	As of 6/30/05	As of 3/31/06 (A)	As of 6/30/06 (B)	(B) - (A)
Current assets:	129.3	249.7	227.2	-22.5
Cash and time deposits	42.1	60.3	56.6	-3.7
Notes and accounts receivable	56.3	114.5	89.6	-24.9
Marketable securities	4.6	14.0	21.0	7.0
Inventories	18.1	44.1	43.5	-0.6
Deferred tax assets	5.1	11.1	11.1	0.0
Others	3.2	5.8	5.7	-0.1
Allowance for doubtful receivables	-0.1	-0.1	-0.2	-0.1
Fixed assets:	69.5	143.2	146.0	2.8
Property, plant and equipment	32.0	68.3	67.8	-0.5
Buildings and structures	19.8	37.7	37.9	0.2
Machinery, equipment and carriers	5.7	14.1	13.3	-0.8
Land	4.5	10.0	10.0	-
Construction in progress	0	1.6	1.8	0.2
Others	2.0	4.9	4.8	-0.1
Intangible fixed assets	3.2	6.0	6.0	0.0
Investments and other assets	34.3	68.9	72.2	3.2
Investment securities	29.3	48.9	48.7	-0.3
Deferred tax assets	0	0.4	0.5	0.1
Others	5.3	20.1	23.4	3.4
Allowance for doubtful receivables	-0.4	-0.4	-0.4	0.0
Total assets	198.7	393.0	373.2	-19.7

Dissolving partnerships
(Abbott Japan, etc.)

Diversifying investments:
Transferred to CPs and
Long-term deposits

LIABILITIES AND NET ASSETS

(Billions of Yen)

	As of 6/30/05	As of 3/31/06 (A)	As of 6/30/06 (B)	(B) - (A)
Total liabilities	62.4	104.3	82.0	-22.3
Current liabilities:	47.4	80.1	59.9	-20.2
Notes and accounts payable	31.3	38.7	20.6	-18.1
Income taxes payable	1.7	8.4	5.5	-2.9
Reserve for bonuses	1.8	8.1	3.7	-4.3
Reserve for sales returns	0.1	0.1	0.1	0.0
Reserve for sales rebates	0.8	0.6	0.4	-0.2
Others	11.8	24.2	29.5	5.3
Long-term liabilities:	14.9	24.3	22.1	-2.1
Long-term debt	7.0	5.3	4.8	-0.5
Long-term accounts payable	1.3	-	-	-
Reserve for retirement benefits	5.5	14.1	12.8	-1.4
Reserve for directors' retirement benefits	0.1	0.1	0	-0.0
Others	1.1	4.8	4.6	-0.2
Minority interests	0.8	0.9	-	-
Shareholders' equity	135.6	287.8	-	-
Common stock	13.4	22.4	-	-
Capital surplus	15.9	15.9	-	-
Retained earnings	101.9	232.5	-	-
Unrealized gains on available-for-sale securities	7.9	17.3	-	-
Treasury stock	-3.5	-0.3	-	-
Total liabilities, minority interests and shareholders' equity	198.7	393.0	-	-
Net assets	-	-	291.2	-
Shareholders' equity	-	-	273.1	-
Common stock	-	-	22.4	-
Capital surplus	-	-	15.9	-
Retained earnings	-	-	235.2	-
Treasury stock	-	-	-0.3	-
Unrealized gains or losses and translation differences, etc.	-	-	17.2	-
Unrealized gains on available-for-sale securities	-	-	17.2	-
Minority interests	-	-	0.9	-
Total liabilities and net assets	-	-	373.2	-

Transferred to other payable
from reserve for bonuses

III. New Drug in the R&D Pipeline

Major Products under Development in Japan by DSP

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
NDA filed	SMP-536 Injection	agalsidase alfa	Fabry's disease	In-licensed from Shire Pharmaceuticals Group plc (formerly Transkaryotic Therapies Inc.)
	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house
NDA filed New Indication	AD-810N Oral	zonisamide	Parkinson's disease	Developed in-house Approved indication: epilepsy (Trade name: EXCEGRAN [®])
NDA filed New Admin. Route	EPHEDRINE NAGAI Injection	ephedrine hydrochloride	Hypotension during anesthesia	Approved administration route: subcutaneous dose Co-developed with 2 other companies

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase III New Indication	SUMIFERON Injection	interferon-alfa (NAMALWA)	Compensated cirrhosis	In-licensed from GlaxoSmithKline Approved indications: chronic hepatitis C, renal cancer, etc.
	MEROPEN (SM-7338) Injection	meropenem trihydrate	Febrile neutropenia	Developed in-house Approved indications: moderate to severe bacterial infections

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	AS-3201 Oral	ranirestat	Diabetic neuropathy (Aldose reductase inhibitor)	Developed in-house Co-developed with Kyorin Pharmaceutical in JPN
	SM-11355 Injection	miriplatin hydrate	Hepatocellular carcinoma	Developed in-house
	SM-13496 Oral	lurasidone	Schizophrenia	Developed in-house
	SMP-114 Oral	Not determined	Rheumatoid arthritis	Developed in-house
	SMP-508 Oral	repaglinide	Diabetes	In-licensed from Novo Nordisk
	SMP-862 Oral	metformin hydrochloride	Diabetes	In-licensed from Merck Sante
	AC-5216 Oral	Not determined	Anxiety & Depression	Developed in-house
Phase II New Indication	GASMOTIN Oral	mosapride citrate	Post-gastrectomy syndrome	Developed in-house Approved indications: Digestive organ symptoms associated with chronic gastritis (heartburn, nausea·vomiting)
	PRORENAL Oral	limaprost alfadex	Cervical spondylosis	Co-developed with Ono Pharmaceutical in JPN Approved indications: symptoms associated with thromboangiitis obliterans and acquired lumbar spinal canal stenosis

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	AC-3933 Oral	Not determined	Dementia	Developed in-house
	SMP-797 Oral	Not determined	Hypercholesterolemia	Developed in-house

[Main revisions since the announcement of May 2006]

AmBisome (SM-26000): Deleted because launched

MEROPEN(SM-7338): Changed from “in preparation for Phase III” to “Phase III”

Major Products under Development in Foreign Markets by DSP

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase III	AS-3201 Oral	ranirestat	Diabetic neuropathy (Aldose reductase inhibitor)	Developed in-house Phase III in the U.S. and Canada

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	SMP-114 Oral	Not determined	Rheumatoid arthritis	Developed in-house Phase IIb in Europe
	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house Phase II in Europe and the U.S.
	AC-3933 Oral	Not determined	Dementia	Developed in-house Phase IIa trials in Europe (completed) Phase IIa trials in the U.S.
	SMP-797 Oral	Not determined	Hypercholesterolemia	Developed in-house Phase IIa in Europe

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	SMP-986 Oral	Not determined	Overactive bladder syndrome	Developed in-house Phase I in Europe
	SMP-028 Oral	Not determined	Bronchial asthma	Developed in-house Phase I in the U.S.

[Main revisions since the announcement of May 2006]

None

Major Products under Development in Foreign Markets by Licensees

Generic / Product code (Brand name in JPN)	Therapeutic indications	Status of development
AC-5216	Anxiety & Depression	Out-licensed to Novartis Pharma AG for the worldwide territory, excluding Japan, South Korea, Taiwan and China, in February 2002 Phase IIa conducted in the U.S. and Canada by Novartis
AG-7352	Cancer	Out-licensed to Sunesis Pharmaceuticals Inc. for the worldwide territory in October 2003 Phase II trials conducted by Sunesis (Sunesis's product code: SNS-595)
SMP-601	Life-threatening infection	Out-licensed to Protez Pharmaceuticals for the worldwide territory in May 2005 Protez Pharmaceuticals is now preparing for clinical studies in the U.S.
lurasidone SM-13496	Schizophrenia	Out-licensed to Merck for the worldwide territory, excluding Japan, South Korea, Taiwan and China, in June 2005 Merck is conducting clinical studies in the U.S.
amrubicin hydrochloride SM-5887 (CALSED)	Cancer	Out-licensed to Cabrellis (formerly Conforma) for the European and U.S. territories in June 2005 Phase II conducted in the U.S. and Europe by Cabrellis
ranirestat AS-3201	Diabetic neuropathy (Aldose reductase inhibitor)	Out-licensed to Eisai for the worldwide territory, excluding Japan, in September 2005. Phase III conducted in the U.S. and Canada by DSP Eisai will proceed with subsequent trials.

[Main revisions since the announcement of May 2006]

amrubicin hydrochloride (SM-5887): Cabrellis (formerly Conforma) started Phase II trials in Europe.