



Overview of Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2007 (Unaudited)

February 2, 2007

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 Nine Months of the Year Ending March 31, 2007

(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
Nine months ended December 31, 2006	195,873	12.9	34,170	39.8	33,298	42.3
Nine months ended December 31, 2005	173,536	33.1	24,444	170.0	23,401	156.5
Year ended March 31, 2006	245,783		28,885		27,235	

	Net income		Earnings per share	Earnings per share (diluted)
	Yen Million	% change		
Nine months ended December 31, 2006	17,873	45.0	¥44.96	—
Nine months ended December 31, 2005	12,328	124.7	¥50.77	—
Year ended March 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
December 31, 2006	370,027	300,691	*1 81.0%	*2 ¥754.12
December 31, 2005	390,062	283,156	72.6%	¥712.11
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) 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
Nine months ended December 31, 2006	25,114	(15,371)	(7,391)	73,669
Nine months ended December 31, 2005	4,035	(2,611)	(4,912)	76,479
Year ended March 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
Year ending March 31, 2007	260,000	40,500	22,000

Reference : Estimated earnings per share for Fiscal 2006 : ¥55.34

Notes : 1. Forecasts are unchanged from those announced on November 8, 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 December 31, 2006		As of December 31, 2005		As of March 31, 2006	
		%		%		%
Current assets:	223,256	60.3	255,421	65.5	249,733	63.6
Cash and time deposits	48,703		73,479		60,327	
Notes and accounts receivable	85,764		116,177		114,503	
Marketable securities	27,479		5,504		13,995	
Inventories	44,718		43,932		44,116	
Deferred tax assets	10,542		9,987		11,126	
Others	6,269		6,421		5,773	
Allowance for doubtful receivables	(221)		(82)		(109)	
Fixed assets:	146,771	39.7	134,640	34.5	143,232	36.4
Property, plant and equipment	66,141	17.9	68,688	17.6	68,335	17.4
Buildings and structures	37,975		37,489		37,695	
Machinery, equipment and carriers	12,286		15,364		14,136	
Land	9,988		9,988		9,988	
Construction in progress	1,254		854		1,615	
Others	4,637		4,992		4,900	
Intangible fixed assets	6,130	1.7	6,213	1.6	5,952	1.5
Investments and other assets	74,499	20.1	59,739	15.3	68,944	17.5
Investment securities	51,883		45,312		48,920	
Deferred tax assets	31		2,001		373	
Others	22,926		12,908		20,073	
Allowance for doubtful receivables	(342)		(482)		(423)	
Total assets	370,027	100.0	390,062	100.0	392,965	100.0

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of December 31, 2006		As of December 31, 2005		As of March 31, 2006	
		%		%		%
Total liabilities	69,336	18.7	106,060	27.2	104,332	26.6
Current liabilities:	50,248	13.6	79,629	20.4	80,070	20.4
Notes and accounts payable	17,784		42,882		38,693	
Income taxes payable	6,446		6,236		8,410	
Reserve for bonuses	4,107		3,705		8,050	
Reserve for sales returns	125		112		113	
Reserve for sales rebates	511		1,677		565	
Others	21,274		25,016		24,237	
Long-term liabilities:	19,087	5.1	26,430	6.8	24,261	6.2
Long-term debt	4,600		7,193		5,275	
Deferred tax liabilities	474		—		—	
Reserve for retirement benefits	8,181		14,237		14,116	
Reserve for directors' retirement benefits	48		56		59	
Others	5,782		4,943		4,810	
Minority interests	—	—	845	0.2	869	0.2
Shareholders' equity	—	—	283,156	72.6	287,764	73.2
Common stock	—	—	22,400	5.7	22,400	5.7
Capital surplus	—	—	15,860	4.1	15,860	4.0
Retained earnings	—	—	229,436	58.8	232,485	59.2
Unrealized gains on available-for-sale securities	—	—	15,763	4.0	17,348	4.4
Treasury stock	—	—	(304)	(0.0)	(329)	(0.1)
Total liabilities, minority interests and shareholders' equity	—	—	390,062	100.0	392,965	100.0
Net assets	300,691	81.3	—	—	—	—
Shareholders' equity	282,561	76.4	—	—	—	—
Common stock	22,400	6.1	—	—	—	—
Capital surplus	15,860	4.3	—	—	—	—
Retained earnings	244,749	66.1	—	—	—	—
Treasury stock	(449)	(0.1)	—	—	—	—
Unrealized gains or losses and translation differences, etc.	17,219	4.6	—	—	—	—
Unrealized gains on available-for-sale securities	17,219	4.6	—	—	—	—
Minority interests	911	0.3	—	—	—	—
Total liabilities and net assets	370,027	100.0	—	—	—	—

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2005		Year ended March 31, 2006	
		%		%		%
Net sales	195,873	100.0	173,536	100.0	245,783	100.0
Cost of sales	73,880	37.7	94,119	54.2	130,444	53.1
Gross profit	121,992	62.3	79,417	45.8	115,339	46.9
Reserve for (Reversal of) sales returns	11	0.0	(9)	(0.0)	(7)	(0.0)
Net gross profit	121,980	62.3	79,426	45.8	115,347	46.9
Selling, general and administrative expenses	87,810	44.9	54,981	31.7	86,461	35.1
Operating income	34,170	17.4	24,444	14.1	28,885	11.8
Non-operating income:	1,491	0.8	903	0.5	1,726	0.7
Non-operating expenses:	2,364	1.2	1,946	1.1	3,377	1.4
Recurring income	33,298	17.0	23,401	13.5	27,235	11.1
Extraordinary income:	—	—	2,568	1.5	4,422	1.8
Gains on sales of property, plant and equipment	—		1,786		1,788	
Gains on transfer of substitutional portion of the government pension program	—		781		781	
Gains on sales of investment securities	—		—		1,852	
Extraordinary expenses:	3,549	1.8	4,809	2.8	5,970	2.4
Additional retirement expenses for employees	2,938		—		—	
Loss on reform of retirement benefits plan	611		—		—	
Expenses related to merger	—		4,633		5,794	
Loss on business restructuring	—		176		176	
Income before income taxes and minority interests	29,748	15.2	21,160	12.2	25,687	10.5
Income taxes	11,821	6.1	8,783	5.1	10,239	4.2
Minority interests	53	0.0	49	0.0	70	0.0
Net income	17,873	9.1	12,328	7.1	15,377	6.3

(3) Consolidated Statement of Changes in Shareholders' Equity

Nine months ended December 31, 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			(5,566)		(5,566)
Directors' bonuses			(42)		(42)
Net income			17,873		17,873
Acquisition of treasury stock				(122)	(122)
Disposal of treasury stock		0		2	3
Changes in items other than shareholders' equity (net)					
Total	—	0	12,264	(119)	12,145
As of December 31, 2006	22,400	15,860	244,749	(449)	282,561

(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				(5,566)
Directors' bonuses				(42)
Net income				17,873
Acquisition of treasury stock				(122)
Disposal of treasury stock				3
Changes in items other than shareholders' equity (net)	(128)	(128)	41	(86)
Total	(128)	(128)	41	12,058
As of December 31, 2006	17,219	17,219	911	300,691

(4) Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of yen)

	Nine months ended December 31, 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	135,076	138,124
Net income	12,328	15,377
Increase due to merger	122,747	122,747
Deductions	6,461	6,461
Cash dividends paid	1,649	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	2,886
Decrease related to exclusion of consolidated subsidiaries	278	278
Loss on trades of treasury stock	1,617	1,617
Balance at end of period	229,436	232,485

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Year ended March 31, 2006
Cash flows from operating activities:			
Income before income taxes and minority interests	29,748	21,160	25,687
Depreciation and amortization	8,869	5,551	8,900
Provision for liability for retirement benefits, less payments	(3,264)	(546)	(1,151)
Interest and dividend income	(778)	(499)	(518)
Interest expenses	79	59	90
Decrease (increase) in notes and accounts receivable	28,739	(5,892)	(4,218)
Increase in inventories	(602)	(3,016)	(3,348)
Increase (decrease) in notes and accounts payable	(20,909)	3,898	(143)
Other, net	(4,860)	(4,533)	(3,918)
Subtotal	37,020	16,181	21,379
Interest and dividend received	783	508	528
Interest paid	(29)	(35)	(66)
Income taxes paid	(12,660)	(12,619)	(12,756)
Net cash provided by operating activities	25,114	4,035	9,084
Cash flows from investing activities:			
Increase in time deposits	(6,000)	—	(8,013)
Decrease in time deposits	1,000	—	—
Purchases of marketable securities	(1,016)	—	—
Proceeds from sales of marketable securities	500	500	1,000
Purchases of property, plant and equipment	(5,628)	(3,797)	(4,572)
Proceeds from sales of property, plant and equipment	—	2,381	2,386
Purchases of investment securities	(2,258)	(571)	(1,572)
Proceeds from sales of investment securities	—	985	2,886
Collection of long-term loan	920	—	—
Net decrease (increase) in short-term loan	201	(1,131)	(1,100)
Other, net	(3,090)	(978)	(1,461)
Net cash used in investing activities	(15,371)	(2,611)	(10,446)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(1,032)	(250)	(670)
Repayment of long-term borrowings	(675)	—	(1,917)
Net increase in treasury stock	(119)	(129)	(155)
Dividends paid	(5,556)	(1,639)	(1,650)
Dividends paid to minority shareholders	(7)	(7)	(7)
Payments to shareholders of Sumitomo's shares in lieu of dividends	—	(2,886)	(2,886)
Net cash used in financing activities	(7,391)	(4,912)	(7,286)
Net increase (decrease) in cash and cash equivalents	2,350	(3,488)	(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	42,235
Net decrease in cash and cash equivalents resulting from change in number of consolidated subsidiaries	—	(449)	(449)
Cash and cash equivalents at end of period	73,669	76,479	71,318

(6) Segment Information

Segment information by business segment

Nine months ended December 31, 2006

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	154,315	41,558	195,873	—	195,873
Inter-segment sales / transfers	—	—	—	—	—
Total	154,315	41,558	195,873	—	195,873
Operating expenses	121,147	40,555	161,702	—	161,702
Operating income	33,168	1,002	34,170	—	34,170

Nine months ended December 31, 2005

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations and Corporate	Consolidated
Sales and operating income					
Sales to customers	133,108	40,428	173,536	—	173,536
Inter-segment sales / transfers	—	521	521	(521)	—
Total	133,108	40,950	174,058	(521)	173,536
Operating expenses	109,660	39,953	149,614	(521)	149,092
Operating income	23,447	997	24,444	—	24,444

Year ended 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	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

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 nine months of fiscal 2006 and 2005, and for fiscal 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.

I. Consolidated Statements of Income

1. Statements of Income

(Billions of Yen)

	Nine months ended 12/31/05	Nine months ended 12/31/05 (simple totals)	Nine months ended 12/31/06	Change (%)
Net sales	173.5	246.0	195.9	(20.4)
Cost of Sales	94.1	115.8	73.9	(36.2)
Gross profit	79.4	130.2	122.0	(6.3)
Selling, general and administrative expenses	55.0	89.9	87.8	(2.4)
[R&D expenditures]	[17.7]	[29.9]	[31.2]	[4.1]
Operating income	24.4	40.2	34.2	(15.1)
Non-operating income	0.9	1.2	1.5	22.1
Non-operating expenses	1.9	3.1	2.4	(23.3)
Recurring income	23.4	38.4	33.3	(13.2)
Extraordinary income	2.6	7.1	—	—
Gains on sales of property, plant and equipment	1.8	1.8	—	—
Gains on transfer of the substitutional portion of the government pension program	0.8	0.8	—	—
Gains on business transfers	—	4.5	—	—
Extraordinary expenses	4.8	8.7	3.5	(59.0)
Additional retirement expenses for employees	—	0.6	2.9	—
Loss on reform of retirement benefits plan	—	—	0.6	—
Expenses related to merger	4.6	7.1	—	—
Loss on business restructuring	0.2	1.0	—	—
Income before income taxes and minority interests	21.2	36.8	29.7	(19.2)
Income taxes	8.8	14.5	11.8	(18.6)
Minority interests	0	0	0.1	7.3
Net income	12.3	22.2	17.9	(19.6)

- Dissolving partnerships (Abbott Japan, etc.)
- Decrease in industrial property revenues
- NHI drug price revision

- Improvement of Cost-to-sales ratio due to change of product mix
Cost-to-sales ratio:
47.1% → 37.7%

- NHI drug price revision
- Decrease in industrial property revenues

- Reduced labor costs, etc.

- Increase of joint development costs, etc.
Ratio to net sales:
12.2% → 15.9%

Notes: Cost of Sales includes transfer of (reversal of) reserve for sales returns.

Change (%) is based on comparison with Nine months ended 12/31/05 (simple totals).

Earnings per share

¥50.77

¥44.96

(Reference) Full year

(Billions of Yen)

	Year ended 3/31/06	Year ended 3/31/06 (simple totals)	Year ending 3/31/07	
			(Forecast)	Change (%)
Net sales	245.8	318.2	260.0	(18.3)
Cost of Sales	130.4	152.1	100.0	(34.3)
Selling, general and administrative expenses	86.5	121.4	118.0	(2.8)
[R&D expenditures]	[29.6]	[41.8]	[42.0]	[0.4]
Operating income	28.9	44.7	42.0	(6.0)
Recurring income	27.2	42.2	40.5	(4.0)
Net income	15.4	25.3	22.0	(12.9)

Notes: Forecasts are unchanged from those announced on November 8, 2006.

Change (%) is based on comparison with Year ended 3/31/06 (simple totals).

2. Capital Expenditures and Depreciation

(Billions of Yen)

	Nine months ended 12/31/05	Nine months ended 12/31/06	Year ended 3/31/06	Year ending 3/31/07 (Forecast)
Capital expenditures (including intangible fixed assets)	3.9	6.6	6.6	12.0
Depreciation and amortization	5.4	8.4	8.6	12.0

- Major capital expenditure projects for the year ending March 31, 2007

Construction of a new solid preparation building at the Suzuka Plant:

¥200 million (total budget: ¥10 billion, completed in October 2007)

Merger-related information systems integration:

¥3.0 billion (total budget: ¥3.5 billion, for systems operating in April 2007)

3. Segment Information

(Billions of Yen)

	Nine months ended 12/31/05			Nine months ended 12/31/06		
	Pharma ceuticals	Other Products	Total	Pharma ceuticals	Other Products	Total
Net sales	133.1	40.4	173.5	154.3	41.6	195.9
Operating income	23.4	1.0	24.4	33.2	1.0	34.2

(Reference) Full year

(Billions of Yen)

	Year ended 3/31/06			Year ending 3/31/07 (Forecast)		
	Pharma ceuticals	Other Products	Total	Pharma ceuticals	Other Products	Total
Net sales	192.6	53.2	245.8	204.5	55.5	260.0
Operating income	27.7	1.1	28.9			

4. Sales of Major Products

Domestic Sales

(Billions of Yen)

Brand name (Generic name) Therapeutic indication	Nine months ended 12/31/05	Year ended 3/31/06	Nine months ended 12/31/06	Year ending 3/31/07 (Forecast)
AMLODIN [®] (amlodipine) Therapeutic agent for hypertension and angina pectoris	44.7	56.8	45.4	59.0
GASMOTIN [®] (mosapride citrate) Gastroprokinetic	12.8	16.3	14.3	19.0
MEROPEN [®] (meropenem) Carbapenem antibiotic	10.9	14.1	11.0	14.5
PRORENAL [®] (limaprost alfadex) Vasodilator	9.7	12.6	10.6	14.0
EBASTEL [®] (ebastine) Antiallergic	7.7	11.3	7.0	11.0
SUMIFERON [®] (interferon- α NAMALWA)) Natural alpha interferon	4.7	6.0	5.0	6.5
GROWJECT [®] (somatropin) Growth hormone	3.8	4.9	3.6	5.0
QVAR [™] (beclomethasone dipropionate) Bronchial asthma	3.2	4.2	3.5	4.9
DOPS [®] (droxidopa) Norepinephrine-activating neural function ameliorant	3.8	4.7	3.5	4.3
GLIMICRON [®] (gliclazide) Oral hypoglycemic	3.8	4.7	3.4	4.5
TAGAMET [®] (cimetidine) H ₂ -receptor antagonist	3.7	4.6	3.1	3.5
EXCEGRAN [®] (zonisamide) Antiepileptic	2.8	3.6	2.8	3.5
LULLAN [®] (perospirone) Antipsychotic	2.4	3.0	2.4	3.3
ALMARL [®] (arotinolol) Therapeutic agent for hypertension, angina pectoris and arrhythmia	3.0	3.7	2.3	3.3
SEDIEL [®] (tandospirone) Serotonin-agonist antianxiety drug	2.5	3.1	2.3	2.8

Exports

(Billions of Yen)

Brand name (Generic name) Therapeutic indication	Nine months ended 12/31/05	Year ended 3/31/06	Nine months ended 12/31/06	Year ending 3/31/07 (Forecast)
MEROPENEM (meropenem trihydrate) Carbapenem antibiotic	9.5	12.9	10.3	14.4
MOSAPRIDE (mosapride citrate) Gastroprokinetic	0.7	0.9	1.1	1.3
ZONISAMIDE (zonisamide) Antiepileptic	2.1	2.4	0.5	0.8
Others	0.4	0.6	0.6	0.7
Export total (simple totals)	12.7	16.8	12.5	17.2

II. Consolidated Balance Sheet

ASSETS

(Billions of Yen)

	As of 12/31/05	As of 3/31/06 (A)	As of 12/31/06 (B)	(B) - (A)
[Assets]	390.1	393.0	370.0	(22.9)
Current assets:	255.4	249.7	223.3	(26.5)
Cash and time deposits	73.5	60.3	48.7	(11.6)
Notes and accounts receivable	116.2	114.5	85.8	(28.7)
Marketable securities	5.5	14.0	27.5	13.5
Inventories	43.9	44.1	44.7	0.6
Deferred tax assets	10.0	11.1	10.5	(0.6)
Others	6.4	5.8	6.3	0.5
Allowance for doubtful receivables	(0.1)	(0.1)	(0.2)	(0.1)
Fixed assets:	134.6	143.2	146.8	3.5
Property, plant and equipment	68.7	68.3	66.1	(2.2)
Buildings and structures	37.5	37.7	38.0	0.3
Machinery, equipment and carriers	15.4	14.1	12.3	(1.8)
Land	10.0	10.0	10.0	—
Construction in progress	0.9	1.6	1.3	(0.4)
Others	5.0	4.9	4.6	(0.3)
Intangible fixed assets	6.2	6.0	6.1	0.2
Investments and other assets	59.7	68.9	74.5	5.6
Investment securities	45.3	48.9	51.9	3.0
Deferred tax assets	2.0	0.4	0	(0.3)
Others	12.9	20.1	22.9	2.9
Allowance for doubtful receivables	(0.5)	(0.4)	(0.3)	0.1
Total assets	390.1	393.0	370.0	(22.9)

- Shorter payback period
and effects of dissolving
partnerships with Abbott
Japan, etc.

- Increase of CPs and long-
term deposits

LIABILITIES AND NET ASSETS

(Billions of Yen)

	As of 12/31/05	As of 3/31/06 (A)	As of 12/31/06 (B)	(B) - (A)
Total liabilities	106.1	104.3	69.3	(35.0)
Current liabilities:	79.6	80.1	50.2	(29.8)
Notes and accounts payable	42.9	38.7	17.8	(20.9)
Income taxes payable	6.2	8.4	6.4	(2.0)
Reserve for bonuses	3.7	8.1	4.1	(3.9)
Reserve for sales returns	0.1	0.1	0.1	0
Reserve for sales rebates	1.7	0.6	0.5	(0.1)
Others	25.0	24.2	21.3	(3.0)
Long-term liabilities:	26.4	24.3	19.1	(5.2)
Long-term debt	7.2	5.3	4.6	(0.7)
Deferred tax liabilities	—	—	0.5	0.5
Reserve for retirement benefits	14.2	14.1	8.2	(5.9)
Reserve for directors' retirement benefits	0.1	0.1	0	(0)
Others	5.0	4.8	5.8	1.0
Net assets	284.0	288.6	300.7	12.1
Shareholders' equity	267.4	270.4	282.6	12.1
Common stock	22.4	22.4	22.4	—
Capital surplus	15.9	15.9	15.9	0
Retained earnings	229.4	232.5	244.7	12.3
Treasury stock	(0.3)	(0.3)	(0.4)	(1.0)
Unrealized gains or losses and translation differences, etc.	15.8	17.3	17.2	(0.1)
Unrealized gains on available-for-sale securities	15.8	17.3	17.2	(0.1)
Minority interests	0.8	0.9	0.9	0
Total liabilities and net assets	390.1	393.0	370.0	(22.9)

← - Effects of dissolving partnerships with Abbott Japan, etc.

← - Effects of pension plan integration, etc.

Note: Past year's results have been rearranged in the current period display section.

III. Development Pipeline

Major Products under Development in Japan by DSP

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
NDA approved	SMP-536 Injection	agalsidase alfa	Fabry's disease	In-licensed from Shire Pharmaceuticals Group plc (formerly Transkaryotic Therapies Inc.)
NDA filed	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house
	Oral	irbesartan	Hypertension	Originated by sanofi-aventis and sublicensed from Bristol-Myers K.K. for the Japanese market. Co-development with Shionogi for the Japanese market.
NDA filed New Indication	AD-810N Oral	zonisamide	Parkinson's disease	Developed in-house Approved indication: epilepsy (Trade name: EXCEGRAN®)
	SUMIFERON Injection	interferon-alfa (NAMALWA)	Compensated cirrhosis	In-licensed from GlaxoSmithKline Approved indications: chronic hepatitis C, renal cancer, etc.
NDA filed New Admin. Route	EPHEDRINE NAGAI Injection	ephedrine hydrochloride	Developed for <i>i.v.</i> injection 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	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	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-3933 Oral	Not determined	Dementia	Developed in-house
Phase II New Indication	PRORENAL Oral	limaprost alfadex	Cervical spondylosis	Co-developed with Ono Pharmaceutical in JPN Approved indications: symptoms associated with thromboangitis obliterans and acquired lumbar spinal canal stenosis

[Main revisions since the announcement of November 2006]

irbesartan: NDA filed

SUMIFERON for new indication (Compensated cirrhosis): NDA filed

AC-5216: Deleted due to revising the development plan

AC-3933: Changed from Phase I to Phase II

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	Developed in-house Phase III in the U.S. and Canada

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	SM-13496 Oral	lurasidone	Schizophrenia	Developed in-house Under consideration for Phase III in the U.S.
	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 in Europe and the U.S.
	SMP-986 Oral	Not determined	Overactive bladder syndrome	Developed in-house Phase II in Europe and the U.S.

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

[Main revisions since the announcement of November 2006]

SM-13496 (lurasidone): Newly listed for Phase II (Under consideration for Phase III in the U.S.)

Major Products under Development in Foreign Markets by Licensees

Generic / Product code (Brand name in JPN)	Therapeutic indications	Status of development
AG-7352	Cancer	Out-licensed to Sunesis Pharmaceuticals Inc. for the worldwide territory in October 2003 Phase II trials conducted by Sunesis (Sunesis' product code: SNS-595)
SMP-601	Life-threatening infection	Out-licensed to Protez Pharmaceuticals for the worldwide territory in May 2005 Protez Pharmaceuticals has started Phase I in Switzerland.
amrubicin hydrochloride SM-5887 (CALSED)	Cancer	Out-licensed to Pharmion (transferred from Cabrellis) for the European and U.S. territories in June 2005 Phase II conducted in the U.S. and Europe by Pharmion
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 November 2006]

AC-5216: Deleted due to revising the development plan by Novartis

SM-13496 (lurasidone): Deleted due to discontinuation of development by Merck .