



Overview of Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2008 (Unaudited)

February 1, 2008

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. Consolidated Financial Results for the First Nine Months of the Year Ending March 31, 2008

(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, 2007	199,205	1.7	33,204	(2.8)	33,259	(0.1)
Nine months ended December 31, 2006	195,873	12.9	34,170	39.8	33,298	42.3
Year ended March 31, 2007	261,213		45,554		43,181	

	Net income		Earnings per share	Earnings per share (diluted)
	Yen Million	% change		
Nine months ended December 31, 2007	20,665	15.6	¥51.99	—
Nine months ended December 31, 2006	17,873	45.0	¥44.96	—
Year ended March 31, 2007	22,605		¥56.86	—

Note: The percentages shown above represent ratio of changes from 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 (yen)
December 31, 2007	385,360	316,144	82.0%	¥795.26
December 31, 2006	370,027	300,691	81.0%	¥754.12
March 31, 2007	382,535	306,012	79.8%	¥767.52

(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, 2007	20,467	(50,070)	(6,725)	45,464
Nine months ended December 31, 2006	25,114	(15,371)	(7,391)	73,669
Year ended March 31, 2007	37,871	(19,687)	(7,780)	81,722

2. Dividends

	Dividends per share		
	Interim	Year-End	Annual
Year ended March 31, 2007	¥7.00	¥7.00	¥14.00
Year ending March 31, 2008	¥9.00		¥18.00
Year ending March 31, 2008(Forecast)		¥9.00	

3. Consolidated Financial Forecast for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

Forecasts are unchanged from those announced on November 7, 2007.

4. Basis of Preparing the Consolidated Financial Statements

- (1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation) : None
- (2) Adoption of simplified method : Yes
"Income taxes" in the consolidated statements of income for the quarterly period was calculated using a simplified method.
- (3) Change of the accounting principles from the previous fiscal year : None

Financial Information

(1) Consolidated Balance Sheets

ASSETS		(Millions of yen)					
	As of December 31, 2006		As of December 31, 2007 (A)		As of March 31, 2007 (B)		Increase (Decrease) (A)-(B)
		%		%		%	
Current assets:	223,256	60.3	241,384	62.6	234,313	61.3	7,071
Cash and time deposits	48,703		29,864		55,765		(25,900)
Notes and accounts receivable	85,764		89,018		88,768		250
Marketable securities	27,479		17,598		27,962		(10,364)
Inventories	44,718		48,622		44,954		3,668
Deferred tax assets	10,542		11,404		10,442		961
Short-term loans	—		40,000		—		40,000
Others	6,269		5,188		6,645		(1,456)
Allowance for doubtful receivables	(221)		(313)		(225)		(87)
Fixed assets:	146,771	39.7	143,976	37.4	148,221	38.7	(4,245)
Property, plant and equipment	66,141	17.9	65,264	16.9	65,241	17.1	23
Buildings and structures	37,975		36,481		37,436		(955)
Machinery, equipment and carriers	12,286		10,536		11,292		(756)
Land	9,988		9,975		9,975		—
Construction in progress	1,254		3,833		1,945		1,888
Others	4,637		4,437		4,590		(153)
Intangible fixed assets	6,130	1.7	6,014	1.6	6,702	1.7	(687)
Investments and other assets	74,499	20.1	72,696	18.9	76,277	19.9	(3,581)
Investment securities	51,883		49,114		52,026		(2,911)
Deferred tax assets	31		19		4		15
Others	22,926		23,894		24,615		(721)
Allowance for doubtful receivables	(342)		(332)		(368)		36
Total assets	370,027	100.0	385,360	100.0	382,535	100.0	2,825

LIABILITIES AND NET ASSETS

(Millions of yen)

	As of December 31, 2006		As of December 31, 2007 (A)		As of March 31, 2007 (B)		Increase (Decrease) (A)-(B)
		%		%		%	
Liabilities	69,336	18.7	69,216	18.0	76,522	20.0	(7,306)
Current liabilities:	50,248	13.6	55,118	14.3	56,038	14.6	(920)
Notes and accounts payable	17,784		17,951		18,036		(84)
Current portion of Long-term debt	—		4,600		—		4,600
Income taxes payable	6,446		4,972		8,220		(3,247)
Reserve for bonuses	4,107		4,189		8,036		(3,846)
Reserve for sales returns	125		129		121		7
Reserve for sales rebates	511		599		490		109
Reserve for expenses related to litigation	—		1,010		1,010		—
Others	21,274		21,666		20,124		1,541
Long-term liabilities:	19,087	5.1	14,097	3.7	20,484	5.4	(6,386)
Long-term debt	4,600		—		4,600		(4,600)
Deferred tax liabilities	474		815		2,093		(1,277)
Reserve for retirement benefits	8,181		8,487		8,169		317
Reserve for directors' retirement benefits	48		33		51		(18)
Others	5,782		4,762		5,570		(808)
Net assets	300,691	81.3	316,144	82.0	306,012	80.0	10,132
Shareholders' equity	282,561	76.4	301,582	78.3	287,262	75.1	14,319
Common stock	22,400	6.1	22,400	5.8	22,400	5.9	—
Capital surplus	15,860	4.3	15,860	4.1	15,860	4.1	(0)
Retained earnings	244,749	66.1	263,876	68.5	249,481	65.2	14,395
Treasury stock	(449)	(0.1)	(554)	(0.1)	(479)	(0.1)	(75)
Valuation, transaction adjustments and others	17,219	4.6	14,480	3.7	17,827	4.7	(3,347)
Unrealized gains on available-for-sale securities	17,219	4.6	14,480	3.7	17,827	4.7	(3,347)
Minority interests	911	0.3	81	0.0	921	0.2	(839)
Total liabilities and net assets	370,027	100.0	385,360	100.0	382,535	100.0	2,825

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2006 (A)		Nine months ended December 31, 2007 (B)		Increase (Decrease) (B)-(A)		Year ended March 31, 2007	
		%		%		%		%
Net sales	195,873	100.0	199,205	100.0	3,331	1.7	261,213	100.0
Cost of sales	73,880	37.7	74,030	37.2	150	0.2	99,337	38.0
Gross profit	121,992	62.3	125,174	62.8	3,181	2.6	161,875	62.0
Provision for reserve for sales returns	11	0.0	7	0.0	(3)		8	0.0
Net gross profit	121,980	62.3	125,166	62.8	3,185	2.6	161,867	62.0
Selling, general and administrative expenses	87,810	44.9	91,961	46.1	4,151	4.7	116,312	44.6
Operating income	34,170	17.4	33,204	16.7	(966)	(2.8)	45,554	17.4
Non-operating income	1,491	0.8	2,539	1.3	1,047		1,887	0.7
Non-operating expenses	2,364	1.2	2,484	1.3	120		4,261	1.6
Recurring income	33,298	17.0	33,259	16.7	(38)	(0.1)	43,181	16.5
Extraordinary expenses:	3,549	1.8	—	—	(3,549)		4,765	1.8
Additional retirement expense	2,938		—				2,938	
Loss on revision of the retirement benefit plans	611		—				611	
Expense related to litigation	—		—				1,010	
Loss on impairment of fixed assets	—		—				205	
Income before income taxes and minority interests	29,748	15.2	33,259	16.7	3,511	11.8	38,415	14.7
Income taxes	11,821	6.1	12,520	6.3	698		15,751	6.0
Minority interests	53	0.0	73	0.0	20		58	0.0
Net income	17,873	9.1	20,665	10.4	2,791	15.6	22,605	8.7

(3) Consolidated Statements of Changes in Net Assets

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
Purchases of treasury stock				(122)	(122)
Sales 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)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, transaction adjustments and others		
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
Purchases of treasury stock				(122)
Sales 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

Nine months ended December 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2007	22,400	15,860	249,481	(479)	287,262
Changes during the period					
Cash dividends			(6,359)		(6,359)
Net income			20,665		20,665
Purchases of treasury stock				(91)	(91)
Sales of treasury stock		(0)	(1)	16	13
Increase due to changes in scope of consolidation			90		90
Changes in items other than shareholders' equity (net)					
Total	—	(0)	14,395	(75)	14,319
As of December 31, 2007	22,400	15,860	263,876	(554)	301,582

(Millions of yen)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, transaction adjustments and others		
As of March 31, 2007	17,827	17,827	921	306,012
Changes during the period				
Cash dividends				(6,359)
Net income				20,665
Purchases of treasury stock				(91)
Sales of treasury stock				13
Increase due to changes in scope of consolidation				90
Changes in items other than shareholders' equity (net)	(3,347)	(3,347)	(839)	(4,186)
Total	(3,347)	(3,347)	(839)	10,132
As of December 31, 2007	14,480	14,480	81	316,144

Year ended March 31, 2007

(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 year					
Cash dividends			(5,566)		(5,566)
Directors' bonuses			(42)		(42)
Net income			22,605		22,605
Purchases of treasury stock				(154)	(154)
Sales of treasury stock		0		4	5
Changes in items other than shareholders' equity (net)					
Total	—	0	16,996	(149)	16,846
As of March 31, 2007	22,400	15,860	249,481	(479)	287,262

(Millions of yen)

	Valuation, transaction adjustments and others		Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, transaction adjustments and others		
As of March 31, 2006	17,348	17,348	869	288,633
Changes during the year				
Cash dividends				(5,566)
Directors' bonuses				(42)
Net income				22,605
Purchases of treasury stock				(154)
Sales of treasury stock				5
Changes in items other than shareholders' equity (net)	479	479	52	531
Total	479	479	52	17,378
As of March 31, 2007	17,827	17,827	921	306,012

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Year ended March 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	29,748	33,259	38,415
Depreciation and amortization	8,869	8,773	12,008
Provision for reserve for retirement benefits, less payments	(3,264)	(814)	(3,908)
Interest and dividend income	(778)	(1,281)	(986)
Interest expense	79	95	108
Decrease (increase) in notes and accounts receivable	28,739	(256)	25,735
Decrease (increase) in inventories	(602)	(2,201)	(837)
Increase (decrease) in notes and accounts payable	(20,909)	719	(20,657)
Other, net	(4,860)	(3,312)	(683)
Subtotal	37,020	34,981	49,192
Interest and dividend received	783	1,130	968
Interest paid	(29)	(34)	(52)
Income taxes paid	(12,660)	(15,609)	(12,236)
Net cash provided by operating activities	25,114	20,467	37,871
Cash flows from investing activities:			
Increase in time deposits	(6,000)	(3,000)	(7,000)
Decrease in time deposits	1,000	4,000	2,000
Purchases of marketable securities	(1,016)	—	(1,016)
Sales of marketable securities	500	1,000	1,000
Purchases of tangible fixed assets	(5,628)	(5,022)	(7,410)
Purchases of intangible fixed assets	—	(2,208)	(2,346)
Purchases of investment securities	(2,258)	(4,471)	(5,259)
Collection of long-term loans	920	—	934
Net decrease (increase) in short-term loans	201	(40,000)	(500)
Other, net	(3,090)	(366)	(89)
Net cash used in investing activities	(15,371)	(50,070)	(19,687)
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	(1,032)	(300)	(1,370)
Repayment of long-term debt	(675)	—	(688)
Net decrease (increase) in treasury stock	(119)	(77)	(149)
Dividends paid	(5,556)	(6,341)	(5,565)
Dividends paid to minority shareholders	(7)	(7)	(7)
Net cash used in financing activities	(7,391)	(6,725)	(7,780)
Net increase (decrease) in cash and cash equivalents	2,350	(36,328)	10,403
Cash and cash equivalents at beginning of year	71,318	81,722	71,318
Increase in cash and cash equivalents due to changes in scope of consolidation	—	70	—
Cash and cash equivalents at end of period	73,669	45,464	81,722

(5) Segment Information

Business segment information

Nine months ended December 31, 2006

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	154,315	41,558	195,873	—	195,873
Inter-segment sales and 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, 2007

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	157,632	41,572	199,205	—	199,205
Inter-segment sales and transfers	—	—	—	—	—
Total	157,632	41,572	199,205	—	199,205
Operating expenses	125,363	40,637	166,000	—	166,000
Operating income	32,269	935	33,204	—	33,204

Year ended March 31, 2007

(Millions of yen)

	Pharmaceuticals	Other Products	Total	Eliminations / Corporate	Consolidated
Sales and operating income					
Sales to customers	206,259	54,953	261,213	—	261,213
Inter-segment sales and transfers	—	—	—	—	—
Total	206,259	54,953	261,213	—	261,213
Operating expenses	161,856	53,801	215,658	—	215,658
Operating income	44,402	1,151	45,554	—	45,554

(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

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

Overseas sales

Nine months ended December 31, 2007

(Millions of yen)

Overseas sales	15,281
Consolidated net sales	199,205
Overseas sales as a percentage of consolidated net sales	7.7%

(Notes) We stated overseas sales because we considered it more necessary to disclose it.

Reference Data

- All values are rounded. Therefore totals may not be consistent with aggregated figures.

I. Consolidated Statements of Income

1. Statements of Income

(Billions of Yen)

	Nine months ended 12/31/06 (A)	Nine months ended 12/31/07 (B)		
			(B)-(A)	Change (%)
Net sales	195.9	199.2	3.3	1.7
Overseas sales	14.0	15.3	1.2	8.8
Cost of Sales	73.9	74.0	0.1	0.2
Gross profit	122.0	125.2	3.2	2.6
SG&A expenses	87.8	92.0	4.2	4.7
Labor costs	24.1	24.2	0.1	0.3
Advertising expenses	3.4	4.1	0.7	21.6
Sales promotion expenses	7.0	7.0	(0.0)	(0.5)
Others	22.1	22.8	0.8	3.6
SG&A expenses less R&D expenditures	56.6	58.2	1.6	2.8
R&D expenditures	31.2	33.8	2.6	8.3
Operating income	34.2	33.2	(10.0)	(2.8)
Non-operating income	1.5	2.5	1.0	
Non-operating expenses	2.4	2.5	0.1	
Recurring income	33.3	33.3	(0.0)	(0.1)
Extraordinary expenses	3.5	—	(3.5)	
Additional retirement expense	2.9	—	(2.9)	
Loss on revision of the retirement benefit plans	0.6	—	(0.6)	
Income before income taxes and minority interests	29.7	33.3	3.5	11.8
Income taxes	11.8	12.5	0.7	
Minority interests	0.1	0.1	0.0	
Net income	17.9	20.7	2.8	15.6

- (Positives)

 - Increased sales of 4 strategic products
 - Increase of exports

(Negatives)

 - Increase of previous year-end's shipment due to distribution centers/system integration
 - Sales decrease other than 4 strategic products
 - Decrease in industrial property revenues
- Improved cost of sales ratio due to sales growth of 4 strategic products (37.7% → 37.2%)
- TV commercials, etc.
- Increase in overseas clinical development expense and in-licensing lump-sums
- Increase in interest and dividend income

Note: Cost of Sales includes provision for (reversal of) reserve for sales returns.

Earnings per share	¥44.96	¥51.99
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(Reference) Full year

(Billions of Yen)

	Year ended 3/31/07 (A)	Year ending 3/31/08 (Forecast)		
		(B)	(B)-(A)	Change(%)
Net sales	261.2	267.0	5.8	2.2
Cost of Sales	99.3	100.3	1.0	1.0
SG&A expenses	116.3	125.7	9.4	8.1
SG&A expenses less R&D expenditures	75.4	78.7	3.3	4.3
R&D expenditures	40.9	47.0	6.1	15.0
Operating income	45.6	41.0	(4.6)	(10.0)
Recurring income	43.2	40.2	(3.0)	(6.9)
Net income	22.6	24.7	2.1	9.3

Notes: Forecasts are unchanged from those announced in November, 2007.

3. Capital Expenditures and Depreciation

(Billions of Yen)

	Nine months ended 12/31/06	Nine months ended 12/31/07	Change	Year ended	Year
				3/31/07	ending 3/31/08 (Forecast)
Capital expenditures (including intangible fixed assets)	6.6	7.7	1.1	9.5	18.0
Depreciation and amortization	8.4	8.2	(0.1)	11.3	11.3

- Major capital expenditure projects for the year ending March 31, 2008

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

¥10.0 billion (total budget: ¥10.0 billion, completed in December 2007)

Renovation of Experimental animal facility of Central Research Laboratories:

¥0.45 billion (total budget: ¥0.55 billion, to be completed in September 2008)

2. Segment Information

(Billions of Yen)

	Nine months ended 12/31/06			Nine months ended 12/31/07			Year ended 3/31/07			Year ending 3/31/08 (Forecast)		
	Pharma ceuticals	Other Products	Total	Pharma ceuticals	Other Products	Total	Pharma ceuticals	Other Products	Total	Pharma ceuticals	Other Products	Total
Net sales	154.3	41.6	195.9	157.6	41.6	199.2	206.3	55.0	261.2	210.0	57.0	267.0
Operating income	33.2	1.0	34.2	32.3	0.9	33.2	44.4	1.2	45.6			

4. Sales of Major Products

Domestic Sales

(Billions of Yen)

Brand name (Generic name) Therapeutic indication	Nine months ended 12/31/06	Nine months ended 12/31/07	Year ended 3/31/07	Year ending 3/31/08 (Forecast)
AMLODIN [®] (amlodipine) Therapeutic agent for hypertension and angina pectoris	45.4	50.1	59.2	66.0
GASMOTIN [®] (mosapride citrate) Gastroprokinetic	14.3	15.3	18.5	20.0
MEROPEN [®] (meropenem) Carbapenem antibiotic	11.0	11.5	14.3	15.0
PRORENAL [®] (limaprost alfadex) Vasodilator	10.6	11.3	13.8	15.0
EBASTEL [®] (ebastine) Antiallergic	7.0	6.6	11.4	11.0
SUMIFERON [®] (interferon- α NAMALWA)) Natural alpha interferon	5.0	4.8	6.4	6.1
GROWJECT [®] (somatropin) Growth hormone	3.6	3.3	4.8	4.9
DOPS [®] (droxidopa) Norepinephrine-activating neural function ameliorant	3.5	3.3	4.5	4.0
QVAR [™] (beclomethasone dipropionate) Bronchial asthma	3.5	3.4	4.8	4.5
GLIMICRON [®] (gliclazide) Oral hypoglycemic	3.4	3.1	4.4	4.1
EXCEGRAN [®] (zonisamide) Antiepileptic	2.8	2.8	3.6	3.5
TAGAMET [®] (cimetidine) H ₂ -receptor antagonist	3.1	2.6	3.9	3.3
ALMARL [®] (arotinolol) Therapeutic agent for hypertension, angina pectoris and arrhythmia	2.3	2.5	3.5	3.2
SEDIEL [®] (tandospirone) Serotonin-agonist antianxiety drug	2.3	2.4	3.0	3.0
LULLAN [®] (perospirone) Antipsychotic	2.4	2.4	3.1	3.1
AmBisome [®] (amphotericin B) Therapeutic agent for systemic fungal infection	0.8	2.0	1.3	3.0

Exports

(Billions of Yen)

Brand name (Generic name) Therapeutic indication	Nine months ended 12/31/06	Nine months ended 12/31/07	Year ended 3/31/07	Year ending 3/31/08 (Forecast)
MEROPENEM (meropenem trihydrate) Carbapenem antibiotic	10.3	11.4	16.1	17.0
MOSAPRIDE (mosapride citrate) Gastroprokinetic	1.1	1.2	1.4	1.8
ZONISAMIDE (zonisamide) Antiepileptic	0.5	0.1	0.8	0.2

Industrial Property Revenues

(Billions of Yen)

	Nine months ended 12/31/06	Nine months ended 12/31/07	Year ended 3/31/07	Year ending 3/31/08 (Forecast)
Industrial property revenues	2.6	1.8	3.9	2.8

II. Consolidated Balance Sheets

ASSETS

(Billions of Yen)

	As of 3/31/07 (A)	As of 12/31/07 (B)	(B) - (A)
[Assets]	382.5	385.4	2.8
Current assets:	234.3	241.4	7.1
Cash and time deposits	55.8	29.9	(25.9)
Notes and accounts receivable	88.8	89.0	0.3
Marketable securities	28.0	17.6	(10.4)
Inventories	45.0	48.6	3.7
Deferred tax assets	10.4	11.4	1.0
Short-term loans	—	40.0	40.0
Others	6.6	5.2	(1.5)
Allowance for doubtful receivables	(0.2)	(0.3)	(0.1)
Fixed assets:	148.2	144.0	(4.2)
Property, plant and equipment	65.2	65.3	0.0
Buildings and structures	37.4	36.5	(1.0)
Machinery, equipment and carriers	11.3	10.5	(0.8)
Land	10.0	10.0	—
Construction in progress	1.9	3.8	1.9
Others	4.6	4.4	(0.2)
Intangible fixed assets	6.7	6.0	(0.7)
Investments and other assets	76.3	72.7	(3.6)
Investment securities	52.0	49.1	(2.9)
Deferred tax assets	0.0	0.0	0.0
Others	24.6	23.9	(0.7)
Allowance for doubtful receivables	(0.4)	(0.3)	0.0
Total assets	382.5	385.4	2.8

• Decrease in time deposits/CPs and increase in short-term loans because of loan to affiliates

• New solid preparation building at the Suzuka Plant, etc.

• Decrease by valuation of marketable securities
• Increase by investment on a bio-venture fund and purchase of corporate bonds

LIABILITIES AND NET ASSETS

(Billions of Yen)

	As of 3/31/07 (A)	As of 12/31/07 (B)	(B) - (A)
[Liabilities]	76.5	69.2	(7.3)
Current liabilities:	56.0	55.1	(0.9)
Notes and accounts payable	18.0	18.0	(0.1)
Current portion of long-term debt	—	4.6	4.6
Income taxes payable	8.2	5.0	(3.2)
Reserve for bonuses	8.0	4.2	(3.8)
Reserve for sales returns	0.1	0.1	0.0
Reserve for sales rebates	0.5	0.6	0.1
Reserve for expenses related to litigation	1.0	1.0	—
Others	20.1	21.7	1.5
Long-term liabilities:	20.5	14.1	(6.4)
Long-term debt	4.6	—	(4.6)
Deferred tax liabilities	2.1	0.8	(1.3)
Reserve for retirement benefits	8.2	8.5	0.3
Reserve for directors' retirement benefits	0.1	0.0	(0.0)
Others	5.6	4.8	(0.8)
[Net assets]	306.0	316.1	10.1
Shareholders' equity	287.3	301.6	14.3
Common stock	22.4	22.4	—
Capital surplus	15.9	15.9	(0.0)
Retained earnings	249.5	263.9	14.4
Treasury stock	(0.5)	(0.6)	(0.1)
Valuation, transaction adjustments and others	17.8	14.5	(3.3)
Unrealized gains on available-for-sale securities	17.8	14.5	(3.3)
Minority interests	0.9	0.1	(0.8)
Total liabilities and net assets	382.5	385.4	2.8

• Transfer because long-term debt became due within a year

• Decrease by valuation of marketable securities

III. Quarterly Business Results

(Billions of Yen)

	Year ended 3/31/07				Year ending 3/31/08		
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
Net sales	65.3	61.7	68.9	65.3	65.3	63.4	70.5
Cost of Sales	24.6	23.5	25.8	25.5	25.4	22.8	25.9
SG&A expenses	28.5	29.9	29.4	28.5	27.8	30.5	33.7
SG&A expenses less R&D expenditures	18.9	18.8	18.9	18.8	18.5	20.1	19.6
R&D expenditures	9.6	11.1	10.5	9.7	9.3	10.4	14.1
Operating income	12.2	8.3	13.7	11.4	12.1	10.2	10.9
Non-operating income	0.7	0.4	0.4	0.4	1.1	0.4	1.0
Non-operating expenses	0.4	1.6	0.4	1.9	0.4	1.3	0.8
Recurring income	12.5	7.1	13.7	9.9	12.8	9.4	11.1
Extraordinary expenses	2.9	0.6	–	1.2	–	–	–
Income before income taxes and minority interests	9.5	6.5	13.7	8.7	12.8	9.4	11.1
Net income	5.6	3.9	8.4	4.7	7.8	6.0	6.9

Note: Cost of Sales includes provision for (reversal of) reserve for sales returns.

IV. Development Pipeline

Major Products under Development in Japan by DSP

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Approved (awaiting NHI pricing)	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house
NDA filed	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.
	SM-11355 Injection	miriplatin hydrate	Hepatocellular carcinoma	Developed in-house
NDA filed New Indication	AD-810N Oral	zonisamide	Parkinson's disease	Developed in-house Approved indication: epilepsy (Brand name: EXCEGRAN®)
	SUMIFERON Injection	interferon-alfa (NAMALWA)	Compensated cirrhosis associated with chronic hepatitis C	In-licensed from GlaxoSmithKline Approved indications: chronic hepatitis C, renal cancer, etc.

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase III	SMP-508 Oral	repaglinide	Diabetes	In-licensed from Novo Nordisk
Phase III New Indication	MEROPEN Injection	meropenem hydrate	Febrile neutropenia	Developed in-house Approved indications: moderate to severe bacterial infections
	GASMOTIN Oral	mosapride citrate	Concomitant use with "Niflec" for pretreatment of the colon examined by barium enema X-ray radiography	Co-developed with Ajinomoto Approved indications: Gastrointestinal symptoms associated with chronic gastritis (heartburn, nausea/vomiting).

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	SM-13496 Oral	lurasidone	Schizophrenia	Developed in-house Under preparation for Phase III
	AS-3201 Oral	ranirestat	Diabetic neuropathy	Developed in-house Co-developed with Kyorin Pharmaceutical in JPN Phase IIb
	SMP-114 Oral	rimacalib	Rheumatoid arthritis	Developed in-house
	SMP-862 Oral	metformin hydrochloride	Diabetes	In-licensed from Merck Sante
	AC-3933 Oral	radequinil	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

Stage in JPN	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	SMP-986 Oral	TBD	Overactive bladder	Developed in-house

[Main revisions since the announcement of November 2007]

AD-5423 (blonanserin) Changed from “NDA filed” to “Approved (awaiting NHI pricing)”

SMP-508 (repaglinide) Changed from “Phase II” 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	SM-13496 Oral	lurasidone	Schizophrenia	Developed in-house Phase III in the U.S. and Europe, etc.

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase II	SMP-114 Oral	rimacalib	Rheumatoid arthritis	Developed in-house Phase IIb in Europe
	AD-5423 Oral	blonanserin	Schizophrenia	Developed in-house Phase II in the U.S. and Europe
	AC-3933 Oral	radequinil	Dementia	Developed in-house Phase IIa in the U.S. and Europe
	SMP-986 Oral	TBD	Overactive bladder	Developed in-house Phase II in the U.S. and Europe

Stage	Brand name/ Product code Formulation	Generic name	Therapeutic indications	Remarks
Phase I	SMP-028 Oral	TBD	Bronchial asthma	Developed in-house Phase I in the U.S.

[Main revisions since the announcement of November 2007]

None

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 ongoing by Sunesis (Sunesis' product code: SNS-595)
SMP-601	Life-threatening infection	Out-licensed to Protez Pharmaceuticals for the US/EU territory in May 2005 Phase I ongoing in Switzerland by Protez Pharmaceuticals
amrubicin hydrochloride (CALSED)	Small Cell Lung Cancer	Out-licensed to Pharmion (transferred from Cabrellis) for the European and U.S. territories in June 2005 Phase III ongoing 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. Under preparation for Phase III in the U.S. and Europe by Eisai
droxidopa (DOPS)	Synthetic precursor of norepinephrine	Out-licensed to Chelsea for the worldwide territory, excluding Japan, China, Korea and Taiwan in May 2006. Phase II study in intradialytic hypotension in the U.S. was started in January 2008 by Chelsea . Phase III study in neurogenic orthostatic hypotension is under preparation in the U.S. and Europe by Chelsea.

[Main revisions since the announcement of November 2007]

None