

Third Quarter Financial Results for FY2007 (April 1 to December 31, 2007)

February 1, 2008

Dainippon Sumitomo Pharma Co., Ltd.

Financial Results

Billions of Yen

	3Q FY2006	3Q FY2007	Change		Forecast for FY2007	Progress*
			Value	Percentage		
Net sales	195.9	199.2	3.3	1.7 %	267.0	74.6 %
Operating income	34.2	33.2	- 1.0	- 2.8 %	41.0	81.0 %
Recurring income	33.3	33.3	- 0	- 0.1 %	40.2	82.7 %
Net income	17.9	20.7	2.8	15.6 %	24.7	83.7 %

All values are rounded.

* Progress against forecast
for FY 2007

Increase and Decrease Factors of Net Sales

Billions of Yen

	3Q FY2006	3Q FY2007	Change	
			Value	Percentage
Net sales	195.9	199.2	3.3	1.7 %

(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

Domestic Sales of 4 Strategic Products

Billions of Yen

	3Q FY2006	3Q FY2007	Change	
			Value	Percentage
AMLODIN®	45.4	50.1	4.7	10.3 %
GASMOTIN®	14.3	15.3	1.0	6.9 %
PRORENAL®	10.6	11.3	0.7	6.8 %
MEROPEN®	11.0	11.5	0.5	4.4 %
Total	81.3	88.2	6.9	8.4 %

Cost of Sales and Selling, General & Administrative Expenses

Billions of yen

	3Q FY2006		3Q FY2007		Change	
		% of net sales		% of net sales	amount	percentage
Net sales	195.9	—	199.2	—	3.3	1.7 %
Cost of sales	73.9	37.7 %	74.0	37.2 %	0.1	0.2 %
Gross profit	122.0	62.3 %	125.2	62.8 %	3.2	2.6 %
SG&A expenses	87.8	44.9 %	92.0	46.1 %	4.2	4.7 %
SG&A expenses	56.6	29.0 %	58.2	29.2 %	1.6	2.8 %
R&D expenditures	31.2	15.9 %	33.8	16.9 %	2.6	8.3 %
Operating income	34.2	17.4 %	33.2	16.7 %	- 1.0	- 2.8%

(Cost of sales)

- Improved cost of sales ratio due to sales growth of 4 strategic products

(SG&A expenses)

- Increase of advertising expenses
- Increase of R&D expenditures

Non-operating Income & Expenses and Extraordinary Income & Expenses

Billions of yen

	3Q FY2006	3Q FY2007	Change
Operating income	34.2	33.2	- 1.0
Non-operating income and expenses	- 0.9	0.1	0.9
Finance income and expenses including dividend income	0.7	1.2	0.5
Contribution	-0.9	-1.0	-0.1
Others	-0.7	-0.1	0.6
Recurring income	33.3	33.3	-0.0
Extraordinary income and 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 taxes and minority interests	- 11.9	- 12.6	- 0.7
Net income	17.9	20.7	2.8

Financial Forecasts for FY2007

Billions of yen

	FY06	FY07	
	results	Forecasts	Changes
Net sales	261.2	267.0	5.8
Operating income	45.6	41.0	- 4.6
Recurring income	43.2	40.2	- 3.0
Net income	22.6	24.7	2.1

R&D expenditures	40.9	47.0	6.1
------------------	------	------	-----

Forecasts are unchanged from those announced in November, 2007.

Development Pipeline Highlights

AC-5423 (blonanserin):

Changed from “NDA filed” to “Approved (awaiting NHI pricing)”

SMP-508 (repaglinide):

Changed from “Phase II” to “Phase III”

Overseas Clinical Development of Lurasidone (1)

Ongoing studies

■ Schizophrenia

- Phase 3 Placebo-Controlled Clinical Trial (PEARL #1)
 - Protocol Synopsis
 - Target Number of Enrolled Patients: 480 (4 groups)
 - Country: US, France, Russia etc.
 - Design: Randomized, Double-blind, Parallel Comparison
 - Endpoints: PANSS, CGI-S, etc.
 - Screening started on October 25
- Phase 3 Placebo- and Active Comparator Controlled Clinical Trial (PEARL #2)
 - Protocol Synopsis
 - Target Number of Enrolled Patients: 480 (4 groups)
 - Comparator: Olanzapine
 - Country: US, India etc.
 - Design: Randomized, Double-blind, Parallel Comparison
 - Endpoints: PANSS, CGI-S, etc.
 - Screening will be started early February

Overseas Clinical Development of Lurasidone (2)

Planned studies

■ Schizophrenia

- Long term safety study (PEARL safety):
Planned to start in FY2008

■ Bipolar Disorder

- Phase 3 study planned to start in FY2008

■ Cognitive dysfunction in Schizophrenia

- Planned to obtain clinical data to differentiate from competitors

Disclaimer Regarding Forward-looking Statements

The statements made in this presentation material are forward-looking statements based on management's assumptions and beliefs in light of information available up to the day of announcement, and involve both known and unknown risks and uncertainties.

Actual financial results may differ materially from those presented in this document, being dependent on a number of factors.

Information concerning pharmaceuticals (including compounds under development) contained within this material is not intended as advertising or medical advice.