First Quarter Financial Results for FY2008
（April 1 to June 30, 2008）

July 31, 2008

Dainippon Sumitomo Pharma Co., Ltd.

Financial Results

Billions of Yen

	1Q FY2007	1Q FY2008	Change	
			Value	Percentage
Net sales	65.3	70.1	4.8	7.4 %
Operating income	12.1	10.2	- 1.9	- 15.7 %
Ordinary income	12.8	10.8	- 2.0	- 15.8 %
Net income	7.8	6.4	- 1.4	- 17.6 %

Progress against forecast for 1st Half FY08

1st Half FY08 Forecast	Progress
132.6	52.9 %
14.6	69.9 %
14.6	74.0 %
8.8	73.3 %

Notes: All values are rounded to the nearest 100 million yen.

Increase and Decrease Factors of Net Sales

Billions of Yen

	1Q FY2007	1Q FY2008	Change	
			Value	Percentage
Net sales	65.3	70.1	4.8	7.4 %

(Positives)
- Increased sales of strategic products
- Sales of new products (LONASEN® ／AVAPRO®)
- Start of new contract manufacturing

(Negatives)
- NHI price revision

Domestic Sales of 4 Strategic Products and New Products

Billions of Yen

	1Q FY2007	1Q FY2008	Change	
			Value	Percentage
AMLODIN®	15.2	16.4	1.2	8.2 %
GASMOTIN®	4.7	5.0	0.3	6.6 %
PRORENAL®	3.5	3.7	0.2	5.1 %
MEROPEN®	3.5	3.6	0.1	2.9 %
4 Strategic Products Total	26.9	28.7	1.8	6.8 %

AVAPRO®	—	1.1	1.1	—
LONASEN®	—	0.5	0.5	—
New Products Total	—	1.6	1.6	—

Cost of Sales and Selling, General & Administrative Expenses

Billions of yen

	1Q FY2007		1Q FY2008		Change
		% of net sales		% of net sales	
Net sales	65.3	–	70.1	–	4.8
Cost of sales	25.4	38.9 %	27.8	39.6 %	2.4
Gross profit	39.9	61.1 %	42.3	60.4 %	2.4
SG&A expenses	27.8	42.6 %	32.1	45.8 %	4.3
SG&A expenses	18.5	28.3 %	19.5	27.8 %	1.0
R&D costs	9.3	14.2 %	12.7	18.0 %	3.4
Operating income	12.1	18.5 %	10.2	14.6 %	- 1.9

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

(Cost of sales)

・Rise in cost of sales ratio due to NHI price revision and the application of “Accounting Standard for Measurement of Inventories”

(SG&A expenses)

・Increase of advertising expenses and sales promotion cost due to launch of new products

・Increase of R&D costs due to overseas clinical trials of lurasidon in progress

Non-operating Income & Expenses and Extraordinary Income & Expenses

Billions of yen

	1Q FY2007	1Q FY2008	Change
Operating income	12.1	10.2	- 1.9
Non-operating income and expenses	0.7	0.6	- 0.1
Finance income and expenses including dividend income	0.6	0.6	0.0
Contribution	- 0.2	- 0.3	- 0.1
Others	0.3	0.3	- 0.0
Ordinary income	12.8	10.8	- 2.0
Extraordinary income and expenses	—	—	—
Income taxes and minority interests	- 5.0	- 4.4	0.6
Net income	7.8	6.4	- 1.4

Financial Forecasts for FY2008

Billions of yen

	FY07	FY08 forecasts	
	results	1st half	Full year
Net sales	264.0	132.6	266.0
Operating income	39.8	14.6	30.5
Ordinary income	37.7	14.6	30.5
Net income	25.6	8.8	18.5

R&D costs	47.3	28.1	56.5

Forecasts are unchanged from those announced in May, 2008.

Development Pipeline

Pre-registration	Phase III	Phase II	Phase I
Hepatocellular carcinoma SM-11355 (miriplatin)	Diabetes SMP-508 (repaglinide)	Diabetic neuropathy AS-3201 (ranirestat)	Over-active bladder syndrome SMP-986
Diabetes SMP-862 (metformin)	Schizophrenia SM-13496 (lurasidone)	Rheumatoid arthritis SMP-114	Diabetes DSP-3235
Parkinson's disease AD-810N (zonisamide)	Febrile neutropenia MEROPEN	Dementia AC-3933	Allergic disorders (Under preparation for Phase I) DSP-3025
Compensated cirrhosis associated with chronic hepatitis C SUMIFERON	Schizophrenia (US/EU etc.) SM-13496 (lurasidone)	Rheumatoid arthritis (EU) SMP-114	Bronchial asthma (US) SMP-028
Improvement in bowel cleansing by orally gastrointestinal lavage solution prior to barium enema X-ray examination GASMOTIN		Dementia（US/EU) AC-3933	Diabetes (EU) DSP-7238
Addition of fungal species AmBisome		Schizophrenia (US/EU) AD-5423 (blonanserin)	Over-active bladder syndrome (US/EU) SMP-986
			Diabetes (US: Under preparation for Phase I) DSP-8658

Development in Japan（New Chemical Entity） Development in Japan for new indications etc. Overseas development

White font indicates updated projects

Development Pipeline Highlight

- SMP-862（metformin hydrochloride）:

  Changed from “Phase II” to “NDA filed”

  – To obtain approval for metformin hydrochloride with appropriate indication and dosage regimen which maximizes the therapeutic potential of this drug

    (Currently, the indication and dosage in Japan are different from those outside Japan.)

- AmBisome（amphotericin B）:

  Newly added in “NDA filed for new indication”

  – To obtain approval for additional indications of AmBisome, leishmaniasis and additional mycoses

Establishment of Strategic Planning & Business Development Division as of June 27, 2008

Further strengthening of the strategic planning function of DSP's pharmaceutical business

Strategic Planning & Business Development Division

Strategic Planning & Management Dept.	• Product & Therapeutic Area Strategies Planning • Portfolio Management
Business Development Dept.	• Planning and Management of Licensing and Strategic Partnership • Alliance Management
Lurasidone, Business Development & Management Office	• Maximization of Lurasidone Value

Clear vision of DSP's pharmaceutical business

Optimization of resource allocation by "selection and focus"

Clinical Development of Lurasidone

Global studies (ongoing)

- Schizophrenia
  - Phase 3 Placebo-Controlled Clinical Trial (PEARL #1)
    - Target Number of Enrolled Patients：480 (4 groups)
    - Country：US, France, Russia etc.
    - Screening started on October 25, 2007. Progressing smoothly
  - Phase 3 Placebo- and Active Comparator Controlled Clinical Trial (PEARL #2)
    - Target Number of Enrolled Patients：480 (4 groups), Comparator： Olanzapine
    - Country：US, India etc.
    - Screening started on January 31, 2008. Progressing smoothly
  - Long-term Safety Study (PEARL Safety)
    - Target Number of Enrolled Patients：600, Comparator： Risperidone
    - Country：US, South Africa, Thailand, etc.
    - Screening started on March 17, 2008. Progressing smoothly

Clinical Development of Lurasidone

Global studies (planning)

- Schizophrenia
  - Phase 3 Placebo-Controlled Clinical Trial (PEARL #3): Planned to start within FY2008
- Bipolar Disorder
  - Phase 3 studies planned to start within FY2008
- Cognitive dysfunction in Schizophrenia
  - Planned to obtain clinical data to differentiate from competitors

Development for Japanese NDA submission Japan (Pan-Asia study)

- IND for Phase 3 Study in Japan (April), Taiwan (June) and South Korea (July)
- Screening started in June, 2008 (Japan)
- Protocol Synopsis
  - Target Patient: Schizophrenia
  - Comparator: Placebo (Reference :Risperidone)
  - Target Number of Enrolled Patients:440
  - Country: Japan, South Korea and Taiwan

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.

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