



Second Quarter Financial Results for FY2011 (Apr. 1 to Sep. 30, 2011)

November 1, 2011
Dainippon Sumitomo Pharma Co., Ltd.

Second Quarter Financial Results for FY 2011

Financial Results

(Compared with the corresponding period of the previous year)

Billions of yen

| | FY2010 2Q | FY2011 2Q | Change | | |
|---------------------------------|--------------|--------------|--------|---------------------------------------|------------|
| | | | Value | Impact of exchange fluctuations | Percentage |
| Net sales | 188.6 | 178.0 | - 10.5 | - 6.0 | - 5.6 % |
| Cost of sales | 57.8 | 49.8 | - 8.1 | - 0.7 | - 13.9 % |
| Gross profit | 130.7 | 128.3 | - 2.5 | - 5.3 | - 1.9 % |
| SG&A expenses | 115.8 | 113.5 | - 2.3 | - 7.1 | - 2.0 % |
| SG&A expenses less R&D costs | 83.0 | 86.2 | 3.2 | - 5.6 | 3.9 % |
| R&D costs | 32.8 | 27.3 | - 5.5 | - 1.5 | - 16.8 % |
| Operating income | 14.9 | 14.7 | - 0.2 | 1.8 | - 1.4 % |
| Ordinary income | 14.4 | 14.5 | 0.1 | / | 0.7 % |
| Extraordinary income | — | 1.2 | 1.2 | | — |
| Net income | 8.7 | 9.6 | 0.9 | | 10.6 % |

Notes: 1. All values are rounded to the nearest 100 million yen.

2. Cost of sales includes provision for (reversal of) reserve for sales returns.

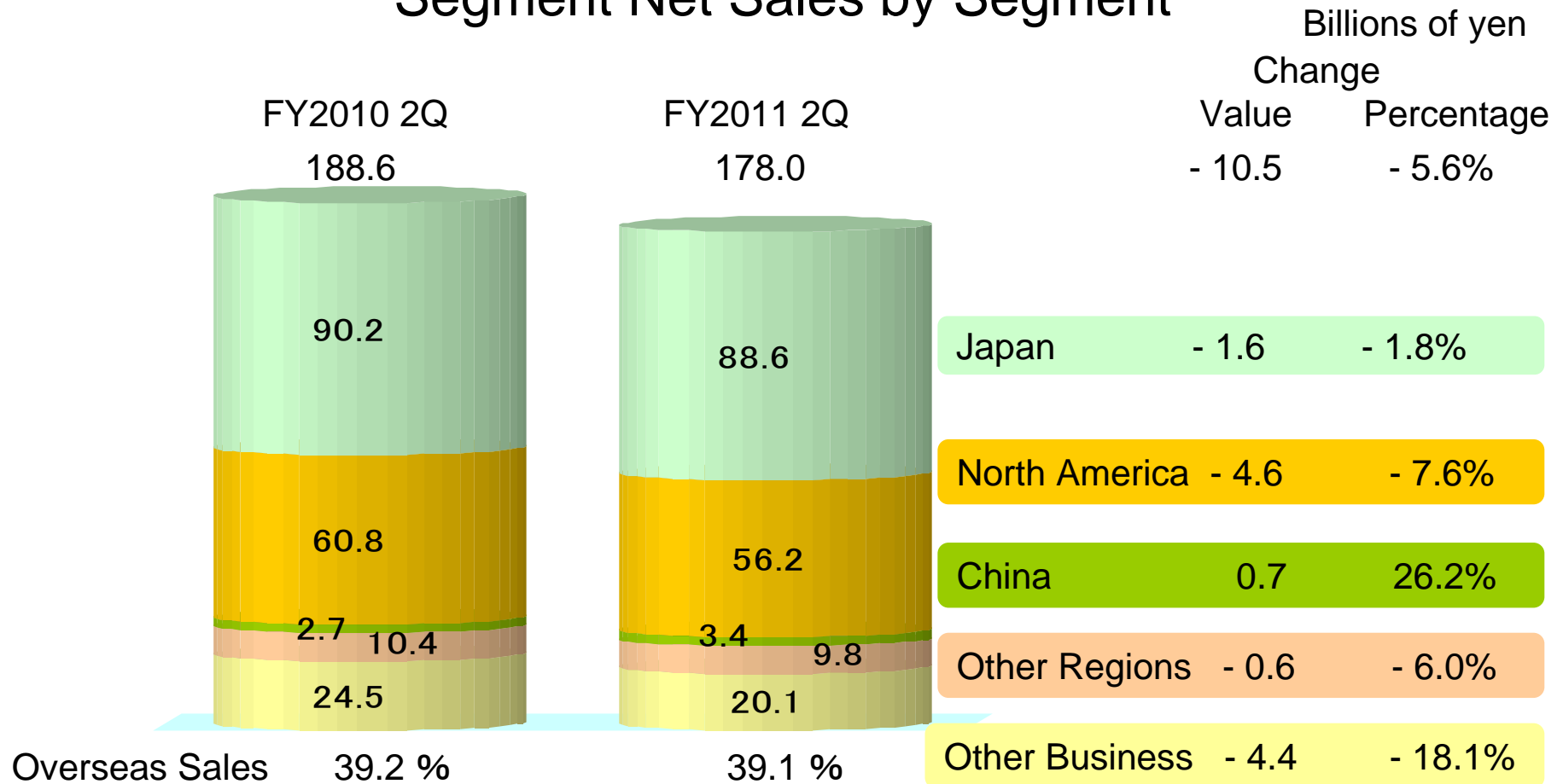
Financial Results

(Compared with the previous forecast dated May 11, 2011)

Billions of yen

| | Forecast FY2011 2Q (as of May 11) | Results FY2011 2Q | Change | | |
|---------------------------------|---|----------------------|--------|---------------------------------------|------------|
| | | | Value | Impact of exchange fluctuations | Percentage |
| Net sales | 179.7 | 178.0 | - 1.7 | - 2.1 | - 0.9 % |
| Cost of sales | 50.1 | 49.8 | - 0.3 | - 0.3 | - 0.7 % |
| Gross profit | 129.6 | 128.3 | - 1.3 | - 1.8 | - 1.0 % |
| SG&A expenses | 120.7 | 113.5 | - 7.2 | - 2.5 | - 5.9 % |
| SG&A expenses less R&D costs | 90.1 | 86.2 | - 3.9 | - 1.9 | - 4.3 % |
| R&D costs | 30.6 | 27.3 | - 3.3 | - 0.6 | - 10.8 % |
| Operating income | 8.9 | 14.7 | 5.8 | 0.6 | 65.5 % |
| Ordinary income | 8.4 | 14.5 | 6.1 | / | 72.4 % |
| Extraordinary income | — | 1.2 | 1.2 | | — |
| Net income | 4.8 | 9.6 | 4.8 | | 99.4 % |

Segment Net Sales by Segment



【North America】

- Although there was an increase in sales in the local currency, a decrease is seen because of the yen appreciation.

【Other business】

- There is a decrease because only the commission equivalent part was recorded as sales on pet foods since July last year.

Sales in Japan Segment

Billions of yen

| | FY2010 2Q | FY2011 2Q | Change | | FY2011 2Q | |
|----------------------------------|--------------|--------------|--------------|----------------|--------------------------|------------|
| | | | Value | Percentage | Forecast as of May 11 | Change |
| AVAPRO® | 3.7 | 4.9 | 1.2 | 33.0 % | 5.5 | - 0.6 |
| LONASEN® | 4.3 | 5.0 | 0.7 | 15.5 % | 6.1 | - 1.1 |
| PRORENAL® | 7.4 | 7.8 | 0.4 | 4.8 % | 8.3 | - 0.5 |
| Strategic Products Total | 15.4 | 17.7 | 2.2 | 14.5 % | 19.9 | - 2.2 |
| TRERIEF® | 1.6 | 2.5 | 0.9 | 56.9 % | 2.2 | 0.3 |
| MIRIPLA® | 0.7 | 0.7 | - 0.1 | - 9.5 % | 0.8 | - 0.1 |
| SUREPOST® | — | 0.1 | 0.1 | — | 0.1 | - 0.0 |
| METGLUCO® (Including MELBIN®) | 2.3 | 3.6 | 1.4 | 61.3 % | 2.5 | 1.1 |
| New Products Total | 4.6 | 6.9 | 2.3 | 49.5 % | 5.6 | 1.3 |
| AMLODIN® | 21.0 | 18.2 | - 2.8 | - 13.3 % | 16.3 | 1.9 |
| GASMOTIN® | 10.2 | 10.4 | 0.1 | 1.2 % | 10.3 | 0.1 |
| MEROPEN® | 6.6 | 6.2 | - 0.4 | - 6.5 % | 5.4 | 0.8 |
| AmBisome® | 2.3 | 2.2 | - 0.1 | - 4.5 % | 2.4 | - 0.2 |
| REPLAGAL® | 2.5 | 4.3 | 1.8 | 73.8 % | 3.6 | 0.7 |
| Others | 27.6 | 22.8 | - 4.8 | - 17.2 % | 24.9 | - 2.1 |
| Japan total | 90.2 | 88.6 | - 1.6 | - 1.8 % | 88.4 | 0.2 |

Note: Sales figures of each product are before reduction of rebates.

Sales in North America & China Segments

Billions of yen [M\$]

| | FY2010 2Q | | FY2011 2Q | | Change | | FY2011 2Q | | | |
|------------------------------------|----------------|-------------|----------------|-------------|---------------|--------------|--------------------------|----------------|-------------|--------------|
| | | | | | Value | Percentage | Forecast as of May 11 | Change | | |
| LATUDA® | — | | [41] | 3.4 | [41] | 3.4 | — | [47] | 4.0 | - 0.6 |
| LUNESTA® | [312] | 28.5 | [261] | 21.4 | [- 50] | - 7.0 | - 24.7 % | [280] | 23.8 | - 2.4 |
| XOPENEX® | [207] | 19.0 | [216] | 17.7 | [9] | - 1.2 | - 6.4 % | [194] | 16.5 | 1.2 |
| BROVANA® | [49] | 4.5 | [62] | 5.1 | [13] | 0.6 | 13.6 % | [61] | 5.2 | - 0.1 |
| OMNARIS® | [28] | 2.6 | [34] | 2.8 | [6] | 0.2 | 8.0 % | [38] | 3.2 | - 0.4 |
| Industrial property revenues | [42] | 3.9 | [42] | 3.4 | [- 1] | - 0.5 | - 11.8 % | [27] | 2.3 | 1.1 |
| Others | [26] | 2.4 | [28] | 2.3 | [2] | - 0.1 | - 3.7 % | [32] | 2.7 | - 0.2 |
| North America Total | [665] | 60.8 | [685] | 56.2 | [20] | - 4.6 | - 7.6 % | [679] | 57.7 | - 1.5 |
| MEROPEN® | 2.3 | | 2.9 | | 0.6 | | 25.2 % | 3.0 | | - 0.1 |
| Others | 0.4 | | 0.5 | | 0.1 | | 32.3 % | 0.6 | | - 0.1 |
| China Total | 2.7 | | 3.4 | | 0.7 | | 26.2 % | 3.6 | | - 0.2 |

Financial Results in North America Segment

Billions of yen [M\$]

<Excluding impact of purchase price allocation>

| | FY2010 2Q | | FY2011 2Q | | Change | | Breakdown | |
|--------------------------|--------------|------|--------------|------|----------|-------|-----------|--------|
| | Yen | M\$ | Yen | M\$ | Yen | M\$ | Exchange | Others |
| Net sales | [665] | 60.8 | [685] | 56.2 | [20] | - 4.6 | - 6.0 | 1.4 |
| Cost of sales | [67] | 6.1 | [72] | 5.9 | [5] | - 0.2 | - 0.7 | 0.5 |
| Gross profit | [598] | 54.7 | [613] | 50.2 | [14] | - 4.4 | - 5.3 | 0.9 |
| SG&A expenses | [323] | 29.5 | [425] | 34.9 | [102] | 5.4 | - 4.0 | 9.4 |
| Income (loss) of Segment | [276] | 25.2 | [188] | 15.4 | [- 88] | - 9.8 | - 1.3 | - 8.5 |

< Impact of purchase price allocation >

| | FY2010 2Q | | FY2011 2Q | | Change | | Breakdown | |
|--------------------------|--------------|--------|--------------|--------|----------|-------|-----------|--------|
| | Yen | M\$ | Yen | M\$ | Yen | M\$ | Exchange | Others |
| Net sales | — | — | — | — | — | — | — | — |
| Cost of sales | [29] | 2.6 | — | — | [- 29] | - 2.6 | — | - 2.6 |
| Gross profit | [- 29] | - 2.6 | — | — | [29] | 2.6 | — | 2.6 |
| SG&A expenses | [182] | 16.6 | [174] | 14.3 | [- 7] | - 2.3 | - 1.6 | - 0.7 |
| Income (loss) of Segment | [- 210] | - 19.2 | [- 174] | - 14.3 | [36] | 4.9 | 1.6 | 3.3 |

Segment Information

Billions of yen

| | | Pharmaceuticals Business | | | | | Subtotal | Other Business | Total | |
|-------------------|------------------------------|--------------------------|-----------------|--------------------|-------|---------------|----------|----------------|--------|-------|
| | | Japan | North America※1 | Impact of P.P.A.※2 | China | Other Regions | | | | |
| FY2011 2Q Results | Net sales | 88.6 | 56.2 | — | 3.4 | 9.8 | 157.9 | 20.1 | 178.0 | |
| | Cost of sales | 22.3 | 5.9 | — | 0.9 | 5.1 | 34.3 | 15.5 | 49.8 | |
| | Gross profit | 66.4 | 50.2 | — | 2.4 | 4.6 | 123.7 | 4.5 | 128.3 | |
| | SG&A expenses less R&D costs | 32.5 | 34.9 | 14.3 | 1.5 | 0.2 | 83.4 | 2.9 | 86.2 | |
| | Income (loss) of Segment | 33.9 | 15.4 | - 14.3 | 0.9 | 4.5 | 40.4 | 1.6 | 42.0 | |
| | R&D costs | | | | | | | 26.9 | 0.3 | 27.3 |
| | Operating income | | | | | | | 13.4 | 1.3 | 14.7 |
| FY2010 2Q Results | Net sales | 90.2 | 60.8 | — | 2.7 | 10.4 | 164.0 | 24.5 | 188.6 | |
| | Cost of sales | 23.7 | 6.1 | 2.6 | 0.6 | 4.8 | 37.8 | 20.0 | 57.8 | |
| | Gross profit | 66.6 | 54.7 | - 2.6 | 2.1 | 5.6 | 126.2 | 4.5 | 130.7 | |
| | SG&A expenses less R&D costs | 32.7 | 29.5 | 16.6 | 1.1 | 0.2 | 80.0 | 3.0 | 83.0 | |
| | Income (loss) of Segment | 33.9 | 25.2 | - 19.2 | 1.0 | 5.4 | 46.3 | 1.5 | 47.7 | |
| | R&D costs | | | | | | | 32.4 | 0.4 | 32.8 |
| | Operating income | | | | | | | 13.8 | 1.1 | 14.9 |
| Change | Net sales | - 1.6 | - 4.6 | — | 0.7 | - 0.6 | - 6.1 | - 4.4 | - 10.5 | |
| | Income (loss) of Segment | - 0.0 | - 9.8 | 4.9 | - 0.1 | - 0.9 | - 5.9 | 0.1 | - 5.7 | |
| | R&D costs | | | | | | | - 5.5 | - 0.0 | - 5.5 |
| | Operating income | | | | | | | - 0.4 | 0.2 | - 0.2 |

※ 1. Excluding impact of purchase price allocation by acquisition

※ 2. Mainly amortization of patent rights and goodwill

Ordinary income & Net income

Billions of yen

| | FY2010 2Q | FY2011 2Q | Change | |
|---|--------------|--------------|--------|------------|
| | | | Value | Percentage |
| Operating Income | 14.9 | 14.7 | - 0.2 | - 1.4 % |
| Non-operating income and expenses | - 0.6 | - 0.2 | 0.3 | |
| Finance income and expenses including dividend income | - 0.2 | - 0.0 | 0.2 | |
| Contributions | - 0.9 | - 0.7 | 0.2 | |
| Others | 0.5 | 0.5 | - 0.0 | |
| Ordinary income | 14.4 | 14.5 | 0.1 | 0.7 % |
| Extraordinary income | — | 1.2 | 1.2 | |
| Gain on sales of property, plant and equipment | — | 1.2 | 1.2 | |
| Income taxes | 5.7 | 6.1 | 0.4 | |
| Net income | 8.7 | 9.6 | 0.9 | 10.6 % |

Financial Position

Billions of yen

| | as of Mar.31,2011 | as of Sep.30,2011 | Change |
|------------------------------|-------------------|-------------------|--------|
| Assets | 589.9 | 566.3 | - 23.6 |
| Current assets | 333.0 | 323.3 | - 9.7 |
| Fixed assets | 256.9 | 243.0 | - 13.8 |
| Liabilities | 265.9 | 237.8 | - 28.1 |
| Current liabilities | 157.2 | 98.7 | - 58.5 |
| Long-term liabilities | 108.7 | 139.1 | 30.4 |
| Net assets | 324.0 | 328.5 | 4.5 |
| (Shareholders' equity ratio) | 54.9% | 58.0% | |

(Assets)

Decrease in intangible assets 15.1 billion yen

(Liabilities)

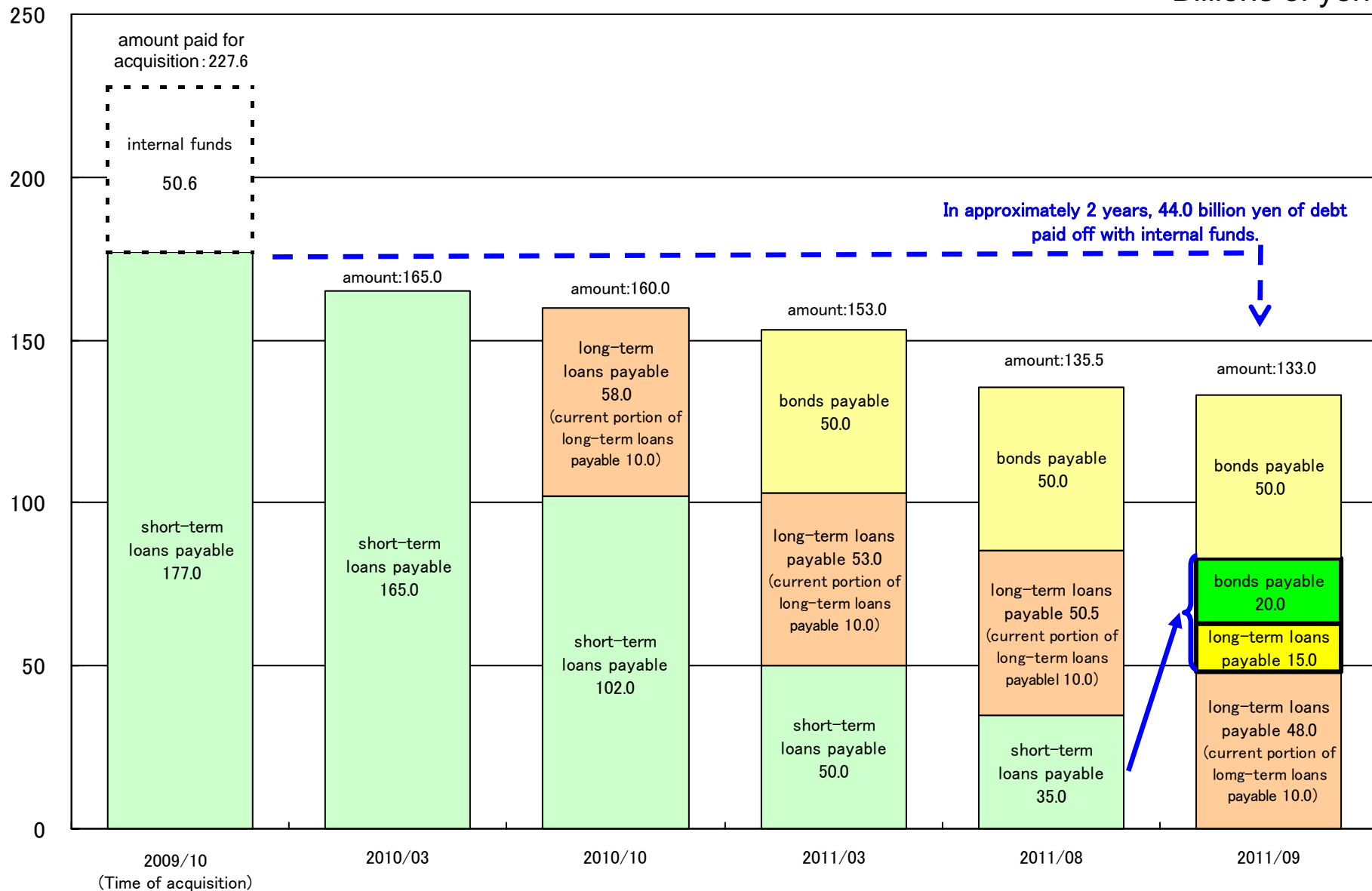
Decrease in total interest-bearing debt 20.6 billion yen

(Net Assets)

Increase in retained earnings 6.0 billion yen

Transition of interest-bearing debt accompanying the acquisition of Sunovion Pharmaceuticals

Billions of yen



Cash Flows

FY2011 2Q

Billions of yen

| | |
|---|--------|
| I Net cash provided by operating activities | + 34.1 |
| ▪ Income before income taxes and minority interests | + 15.7 |
| ▪ Depreciation and amortization | + 20.4 |
| II Net cash used in investing activities | - 6.3 |
| ▪ Purchase of marketable securities | - 22.1 |
| ▪ Proceeds from sales and redemption of marketable securities | + 20.6 |
| ▪ Purchase of property, plant and equipment | - 4.0 |
| III Net cash used in financing activities | - 24.3 |
| ▪ Net decrease in short-term loans payable | - 50.0 |
| ▪ Net increase in long-term loans payable | + 9.4 |
| ▪ Proceeds from issuance of bonds | + 19.9 |
| ▪ Cash dividends paid | - 3.6 |

Cash and cash equivalents at the end of period : 86.2 billion yen
(compared with the end of the previous fiscal year : + 3.3 billion yen)

Financial Forecast for FY2011

Summary of Financial Forecast for FY2011

■ Sales

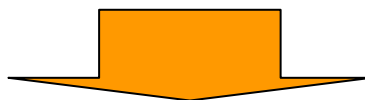
- ✓ Sales in the Japan segment are expected to show steady performance compared to the previous forecast.
- ✓ Sales of the North America segment are expected to remain unchanged in dollar compared to the previous forecast, however, to decrease in yen due to the yen appreciation.

■ SG&A expenses

- ✓ SG&A expenses (excluding R&D costs) are expected to remain at the same level as the previous forecast. But, a decrease is expected due to the yen appreciation.
- ✓ R&D costs are expected to fall below the previous forecast, and to decrease even further under impact from the yen appreciation.

■ Operating income

- ✓ Expected to exceed the previous forecast because the decrease in SG&A expenses is expected to be larger than the amount of gross profit decrease.



Revisions of Financial Forecast for FY2011

- Excluding potential strategic investment for alliances and in-licensing

Financial Forecast for FY2011

(Compared with the FY2010 Results)

Billions of yen

| | Results FY2010 | Forecast FY2011 (as of Oct. 31) | Change | | |
|---------------------------------|-------------------|---------------------------------------|--------|---------------------------------------|------------|
| | | | Value | Impact of exchange fluctuations | Percentage |
| Net sales | 379.5 | 352.0 | - 27.5 | - 9.9 | - 7.2 % |
| Cost of sales | 110.0 | 100.0 | - 10.0 | - 0.9 | - 9.1 % |
| Gross profit | 269.5 | 252.0 | - 17.5 | - 9.0 | - 6.5 % |
| SG&A expenses | 238.5 | 232.0 | - 6.5 | - 11.4 | - 2.7 % |
| SG&A expenses less R&D costs | 170.4 | 173.5 | 3.1 | - 8.9 | 1.8 % |
| R&D Costs | 68.2 | 58.5 | - 9.7 | - 2.5 | - 14.2 % |
| Operating income | 31.0 | 20.0 | -11.0 | 2.4 | - 35.4 % |
| Ordinary income | 28.6 | 19.0 | - 9.6 | \ | - 33.6 % |
| Extraordinary income | - 3.6 | 1.2 | 4.8 | | — |
| Net income | 16.8 | 12.0 | - 4.8 | | - 28.6 % |
| EBITDA | 78.0 | 61.0 | - 17.0 | | 21.8 % |

Notes: 1. All values are rounded to the nearest 100 million yen.

2. EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

Financial Forecast for FY2011

(Compared with the previous forecast dated May 11, 2011)

Billions of yen

| | Forecast FY2011 (as of May 11) | Forecast FY2011 (as of Oct. 31) | Change | | |
|---------------------------------|--------------------------------------|---------------------------------------|--------|---------------------------------------|------------|
| | | | Value | Impact of exchange fluctuations | Percentage |
| Net sales | 362.0 | 352.0 | - 10.0 | - 6.1 | - 2.8 % |
| Cost of sales | 103.8 | 100.0 | - 3.8 | - 0.5 | - 3.7 % |
| Gross profit | 258.2 | 252.0 | - 6.2 | - 5.6 | - 2.4 % |
| SG&A expenses | 241.2 | 232.0 | - 9.2 | - 7.1 | - 3.8 % |
| SG&A expenses less R&D costs | 179.2 | 173.5 | - 5.7 | - 5.6 | - 3.2 % |
| R&D Costs | 62.0 | 58.5 | - 3.5 | - 1.5 | - 5.6 % |
| Operating income | 17.0 | 20.0 | 3.0 | 1.5 | 17.6 % |
| Ordinary income | 15.5 | 19.0 | 3.5 | | 22.6 % |
| Extraordinary income | — | 1.2 | 1.2 | | — |
| Net income | 8.5 | 12.0 | 3.5 | | 41.2 % |
| EBITDA | 59.5 | 61.0 | 1.5 | | 2.5 % |

Financial Forecast in Japan Segment

Billions of yen

| | Forecast (as of May 11) | | | Forecast (as of Oct.31) | | | Change(Value) | | |
|------------------------------|-------------------------|-------------|-----------|-------------------------|-------------|-----------|---------------|-------------|-----------|
| | first half | second half | full year | first half (results) | second half | full year | first half | second half | full year |
| Net Sales | 88.4 | 91.5 | 179.9 | 88.6 | 91.6 | 180.2 | 0.2 | 0.1 | 0.3 |
| | 24.8% | 26.4% | 25.7% | 25.1% | 27.7% | 26.4% | | | |
| Cost of sales | 22.0 | 24.2 | 46.2 | 22.3 | 25.4 | 47.7 | 0.3 | 1.2 | 1.5 |
| Gross profit | 66.6 | 67.3 | 133.9 | 66.4 | 66.4 | 132.8 | -0.2 | -0.9 | -1.1 |
| SG&A expenses less R&D costs | 32.9 | 33.5 | 66.4 | 32.5 | 34.0 | 66.5 | -0.4 | 0.5 | 0.1 |
| | 38.0% | 36.9% | 37.5% | 38.2% | 35.3% | 36.7% | | | |
| Income(loss) of Segment | 33.7 | 33.8 | 67.5 | 33.9 | 32.4 | 66.3 | 0.2 | -1.4 | -1.2 |

Note: Sales figures exclude internal transactions.

Sales Forecast in Japan Segment

Billions of yen

| | Results FY2010 | Forecast for FY2011 | | Change (Value) | |
|---|-------------------|----------------------------|-----------------------------|------------------------|---|
| | | Forecast (as of May 11) | Forecast (as of Oct. 31) | Compared to FY 2010 | Compared to Forecast (as of May 11) |
| AVAPRO [®] | 8.3 | 12.0 | 11.5 | 3.2 | -0.5 |
| LONASEN [®] | 9.0 | 13.0 | 11.0 | 2.0 | -2.0 |
| PRORENAL [®] | 14.9 | 17.0 | 15.5 | 0.6 | -1.5 |
| Strategic Products Total | 32.2 | 42.0 | 38.0 | 5.8 | -4.0 |
| TRERIEF [®] | 3.7 | 4.6 | 5.4 | 1.7 | 0.8 |
| MIRIPLA [®] | 1.5 | 1.7 | 1.4 | -0.1 | -0.3 |
| METGLUCO [®] (Including MELBIN [®]) | 4.7 | 6.0 | 8.2 | 3.5 | 2.2 |
| SUREPOST [®] | — | 0.2 | 0.2 | 0.2 | — |
| New Products Total | 9.9 | 12.5 | 15.2 | 5.3 | 2.7 |
| AMLODIN [®] | 41.4 | 31.0 | 35.5 | -5.9 | 4.5 |
| GASMOTIN [®] | 21.0 | 21.0 | 21.0 | — | — |
| MEROPEN [®] | 12.6 | 10.0 | 11.0 | -1.6 | 1.0 |
| AmBisome [®] | 4.6 | 5.0 | 4.5 | -0.1 | -0.5 |
| REPLAGAL [®] | 6.2 | 7.5 | 8.9 | 2.7 | 1.4 |
| Others | 55.0 | 50.9 | 46.1 | -8.9 | -4.8 |
| Japan Total | 182.9 | 179.9 | 180.2 | -2.7 | 0.3 |

Note: Sales figures of each product are before reduction of rebates.

Sales figures exclude internal transactions.

Domestic CNS Business Reinforcement

- Reinforcement of CNS Sales & Marketing

April 2011 Inauguration of CNS Sales & Marketing (200 MRs)

October 2011 CNS MRs increased to 230

Established the “CNS Medical Science Group” within CNS Sales & Marketing (13 members)

⇒ Reinforcement and strengthening of the academic support system for CNS products



Early Maximization of LONASEN[®]

- Launch of Donepezil hydrochloride (Planned for November 2011)

- Dealing in generic drugs with the purpose of enhancing the product lineup in the CNS Field and based on trends in the development pipeline.
- Setting up the Established Products & Chain Pharmacies Group (26 members)

Financial Forecast in North America Segment

Millions of dollars

| | Forecast (as of May 11) | | | Forecast (as of Oct.31) | | | Change(Value) | | |
|------------------------------------|----------------------------|----------------|--------------|----------------------------|----------------|--------------|---------------|----------------|--------------|
| | first half | second half | full year | first half (results) | second half | full year | first half | second half | full year |
| Net Sales | 679 | 680 | 1,359 | 685 | 663 | 1,348 | 6 | -17 | -11 |
| LATUDA [®] | 47 | 73 | 120 | 41 | 49 | 90 | -6 | -24 | -30 |
| LUNESTA [®] | 280 | 255 | 535 | 261 | 272 | 533 | -19 | 17 | -2 |
| XOPENEX [®] | 194 | 194 | 388 | 216 | 194 | 410 | 22 | 0 | 22 |
| BROVANA [®] | 61 | 66 | 127 | 62 | 61 | 123 | 1 | -5 | -4 |
| Others | 97 | 92 | 189 | 104 | 88 | 192 | 7 | -4 | 3 |
| | 10.8% | 12.2% | 11.5% | 10.6% | 9.3% | 9.9% | | | |
| Cost of sales | 73 | 83 | 156 | 72 | 62 | 134 | -1 | -21 | -22 |
| Gross profit | 606 | 596 | 1,202 | 613 | 601 | 1,214 | 7 | 5 | 12 |
| SG&A expenses less R&D costs | 445 | 408 | 853 | 425 | 434 | 859 | -20 | 26 | 6 |
| | 23.7% | 27.6% | 25.7% | 27.4% | 25.3% | 26.3% | | | |
| Income(loss) of Segment | 161 | 188 | 349 | 188 | 167 | 355 | 27 | -21 | 6 |



Notes: Excluding impact of purchase price allocation by acquisition

Financial Forecast in North America Segment

Billions of yen

| | Forecast for FY 2011 (as of May 11) | Forecast for FY 2011 (as of Oct.31) | Change | | |
|---------------------------------|---|---|------------|---|--------|
| | | | Difference | Impact of foreign currency fluctuations | Actual |
| Net sales | 115.5 | 108.4 | -7.1 | -6.1 | -1.0 |
| | 11.5% | 9.9% | | | |
| Cost of sales | 13.3 | 10.8 | -2.5 | -0.5 | -2.0 |
| Gross profit | 102.2 | 97.6 | -4.6 | -5.6 | 1.0 |
| SG&A expenses less R&D costs | 72.5 | 69.1 | -3.4 | -3.9 | 0.5 |
| | 25.7% | 26.3% | | | |
| Income(loss) of Segment | 29.7 | 28.5 | -1.2 | -1.7 | 0.5 |

Notes: Excluding impact of purchase price allocation by acquisition

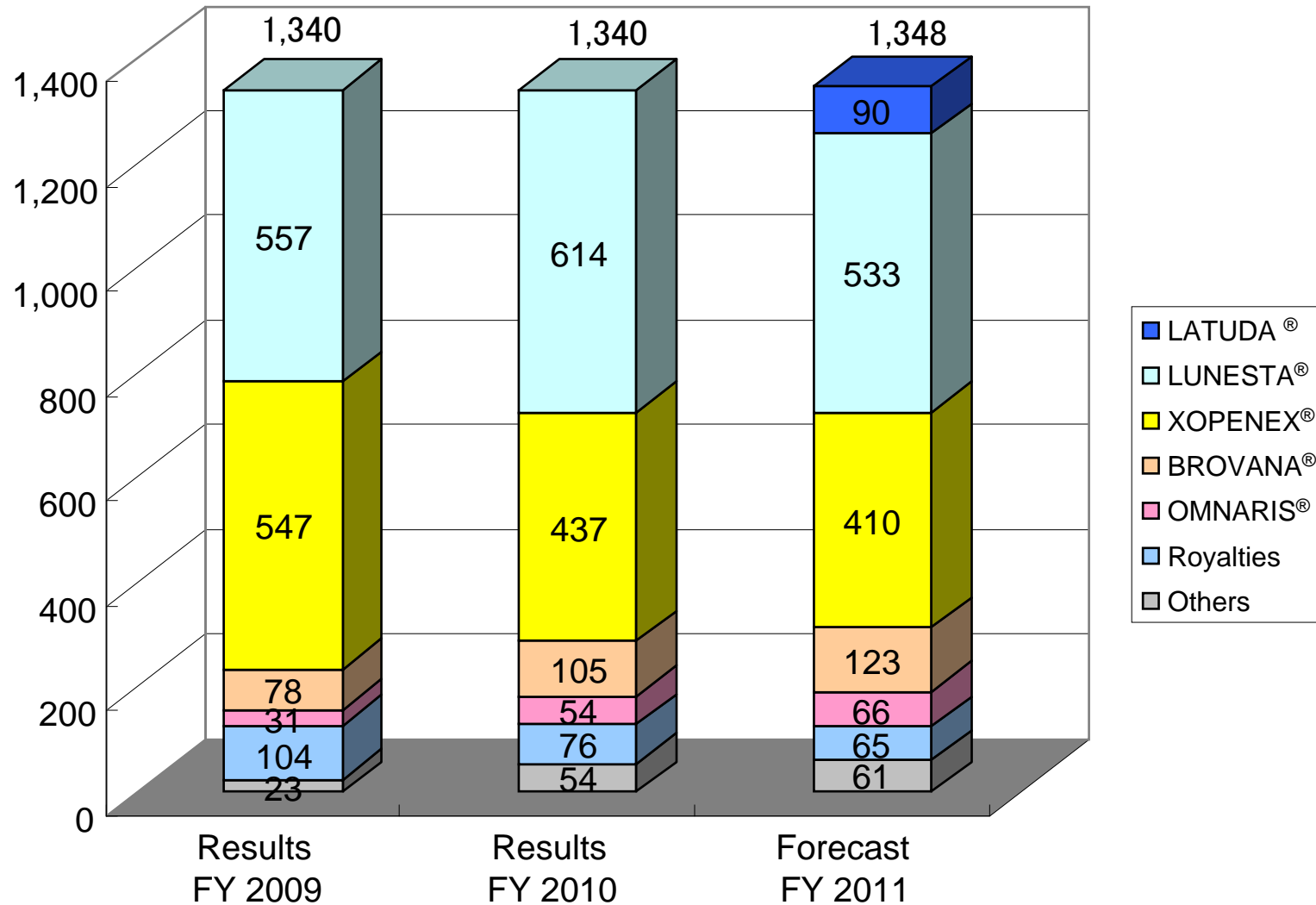
Exchange rate

Forecast (as of May 11) ¥85 to US\$1

Forecast (as of Oct. 31) ¥80 to US\$1

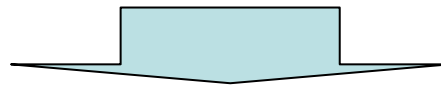
Sales Forecast in North America Segment

Millions of dollars



Reinforcement of LATUDA Business in the U.S

- Increase of specialist MRs
- Enhancing the Speakers Program



Further improvement of Share of Voice

- Focusing on Market access support (Medicaid in particular)

Forecast for FY2011 (by Segment)

(Compared with the previous forecast dated May 11, 2011)

Billions of yen

| | | Pharmaceuticals Business | | | | | Subtotal | Other Business | Total |
|----------------|------------------------------|--------------------------|-----------------|-------------------|-------|---------------|----------|----------------|-------|
| | | Japan | North America*1 | Impact of P.P.A*2 | China | Other Regions | | | |
| (as of Oct.31) | Net sales | 180.5 | 108.4 | — | 6.6 | 16.2 | 311.7 | 40.3 | 352.0 |
| | Cost of sales | 47.7 | 10.8 | — | 2.0 | 8.3 | 68.8 | 31.2 | 100.0 |
| | Gross profit | 132.8 | 97.6 | — | 4.6 | 7.9 | 242.9 | 9.1 | 252.0 |
| | SG&A expenses less R&D costs | 66.5 | 69.1 | 28.0 | 3.6 | 0.3 | 167.5 | 6.0 | 173.5 |
| | Income(loss) of Segment | 66.3 | 28.5 | -28.0 | 1.0 | 7.6 | 75.4 | 3.1 | 78.5 |
| | R&D costs | | | | | | 57.7 | 0.8 | 58.5 |
| | Operating income | | | | | | 17.7 | 2.3 | 20.0 |
| (as of May 11) | Net sales | 180.1 | 115.5 | — | 7.0 | 18.1 | 320.7 | 41.3 | 362.0 |
| | Cost of sales | 46.2 | 13.3 | — | 1.6 | 10.8 | 71.9 | 31.9 | 103.8 |
| | Gross profit | 133.9 | 102.2 | — | 5.4 | 7.3 | 248.8 | 9.4 | 258.2 |
| | SG&A expenses less R&D costs | 66.4 | 72.5 | 29.7 | 4.2 | 0.3 | 173.1 | 6.1 | 179.2 |
| | Income(loss) of Segment | 67.5 | 29.7 | -29.7 | 1.2 | 7.0 | 75.7 | 3.3 | 79.0 |
| | R&D costs | | | | | | 61.1 | 0.9 | 62.0 |
| | Operating income | | | | | | 14.6 | 2.4 | 17.0 |
| Change | Net sales | 0.4 | -7.1 | — | -0.4 | -1.9 | -9.0 | -1.0 | -10.0 |
| | Income(loss) of Segment | -1.2 | -1.2 | 1.7 | -0.2 | 0.6 | -0.3 | -0.2 | -0.5 |
| | R&D costs | | | | | | -3.4 | -0.1 | -3.5 |
| | Operating income | | | | | | 3.1 | -0.1 | 3.0 |



*1 Excluding impact of purchase price allocation by acquisition

*2 Mainly amortization of patent rights and goodwill

Clinical Development Status

Development Pipeline (1) (as of October 31, 2011)

Central Nervous System Field

Domestic Overseas

| Brand name/ Product code | Generic name | Proposed indication | Development location | Phase I | Phase II | Phase III | NDA submitted |
|-----------------------------|--------------------------|---|----------------------|---------|----------|-----------|---------------|
| LATUDA (SM-13496) | lurasidone hydrochloride | Schizophrenia | Canada | | | | |
| | | (Change of maximum dose) Schizophrenia: 160mg daily | US | | | | |
| | | Schizophrenia | Japan | | | | |
| | | (New indication) Bipolar disorder (depression) | US/Europe, etc. | | | | |
| | | (New indication) Bipolar disorder (maintenance) | US/Europe, etc. | | | | |
| | | (New indication) MDD with mixed features | US | | | | |
| STEDESA™ | eslicarbazepine acetate | Epilepsy-Adjunct | US | | | | |
| | | Epilepsy-Adult monotherapy | US | | | | |
| DSP-8658 | TBD | Alzheimer's disease | US | | | | |
| SEP-228432 | TBD | Neuropathic Pain, Depression | US | | | | |
| DSP-1053 | TBD | Depression | US | | | | |

LATUDA(SM-13496) : Co-development with Takeda Pharmaceutical in Europe (Phase III Study : Schizophrenia , Bipolar disorder)

Cancer Field

| Brand name/ Product code | Generic name | Proposed indication | Development location | Phase I | Phase II | Phase III | NDA submitted |
|------------------------------------|-------------------------|---------------------------|----------------------|---------|----------|-----------|---------------|
| CALSED® (Product name in Japan) | amrubicin hydrochloride | Small cell lung cancer | China | | | | |
| WT4869 | TBD | Myelodysplastic syndromes | Japan | | ※ | | |
| | | Solid cancer | Japan | | | | |

Revisions since the previous announcement are in red.

※ on Phase I of Phase I/II study

Development Pipeline (2) (as of October 31, 2011)

Respiratory Field

Domestic Overseas

| Brand name/ Product code | Generic name | Proposed indication | Development location | Phase I | Phase II | Phase III | NDA submitted |
|-------------------------------|--------------|-----------------------------------|----------------------|---------|----------|-----------|---------------|
| Ciclesonide HFA Nasal Aerosol | ciclesonide | (New dose form) Allergic rhinitis | US | | | | |
| DSP-3025 | TBD | Asthma/Allergic Rhinitis | Japan | | | | |

Cardiovascular/ Diabetes Field

| Brand name/ Product code | Generic name | Proposed indication | Development location | Phase I | Phase II | Phase III | NDA submitted |
|-----------------------------|--------------------------------|---|----------------------|---------|----------|-----------|---------------|
| SUREPOST® | repaglinide | (New indication) Type 2 diabetes (Combination therapy with thiazolidine or biguanide) | Japan | | | | |
| METGLUCO® | metformin hydrochloride | (Addition of pediatric usage) Type 2 diabetes | Japan | | | | |
| AS-3201 | ranirestat | Diabetic neuropathy | Japan | | | | ※ |
| DSP-8153 | amlodipine besilate/irbesartan | Hypertension/Combination agent | Japan | | | | |
| DSP-8658 | TBD | Type 2 diabetes | US | | | | |

Other Fields

| Brand name/ Product code | Generic name | Proposed indication | Development location | Phase I | Phase II | Phase III | NDA submitted |
|-----------------------------|-----------------------|--|----------------------|---------|----------|-----------|---------------|
| SMP-986 | afacifenacin fumarate | Overactive bladder | Japan | | | | |
| | | | US and Europe | | | | |
| PRORENAL® | limaprost alfadex | Carpal-tunnel syndrome | Japan | | | | |
| DSP-1747 | obeticholic acid | Primary biliary cirrhosis (PBC), Nonalcoholic steatohepatitis (NASH) | Japan | | | | |
| DSP-6952 | TBD | IBS with constipation, Chronic idiopathic constipation | Japan | | | | |
| DSP-5990 | ceftaroline fosamil | MRSA Infection | Japan | | ※ | | |

Revisions since the previous announcement are in red.

※ under preparation

LATUDA[®] (Lurasidone) – Clinical development status (1)

US (schizophrenia)

- **sNDA submitted for change of maximum dose (160mg/day) (June 2011)**

- **Key Current LATUDA[®] Studies in Schizophrenia**
 - PEARL 3 Extension Study: Phase III extension study (12-month effectiveness and safety / tolerability study) with comparator [Quetiapine XR] completed. Results of the study announced (October, 2011).
 - Switch Study: initiated in 3Q 2010. Completed, data analysis in progress.
 - Schizophrenia Maintenance Study: initiated in 3Q 2011, in progress.

- **Planned LATUDA[®] Studies in Schizophrenia**
 - Low-dose Schizophrenia Study with 20mg/day: to be initiated in 2Q 2012
 - Pediatric (10-17 yrs) PK Study: to be initiated in 4Q 2011
 - Pediatric (13-17 yrs) Efficacy Study: to be initiated in 2Q 2012

LATUDA® (Lurasidone) – Clinical development status (2)

U.S. (Bipolar disorder, others)

■ Bipolar disorder (depression) Phase III studies (PREVAIL Studies)

- PREVAIL#1 : Placebo controlled, lithium or divalproex add-on study initiated in April 2009
- PREVAIL#2 : Placebo controlled, monotherapy initiated in April 2009
- PREVAIL#3 : Placebo controlled, lithium or divalproex add-on study initiated in December 2010

**Bipolar disorder (depression)
sNDA planned for 2012**

■ Bipolar maintenance

- Phase III study initiated in 2Q 2011

■ MDD with mixed features

- Phase III study initiated in 2Q 2011

■ Other studies under consideration

- IM depot formulation

LATUDA® (Lurasidone) – Clinical development status (3)

Outside the U.S.

- Japan: Schizophrenia/ New Phase III study under preparation
- Canada: Schizophrenia/ NDS submitted (June 2011)
- China: Schizophrenia/ IND submitted (September 2011)
- Europe: Schizophrenia and Bipolar disorder/ Co-development with Takeda Pharmaceutical in Europe (Phase III)

DSP plans to commercialize lurasidone independently in the UK

LATUDA® (Lurasidone) PEARL 3 Extension Study (1)

- Double-blind study comparing LATUDA to Quetiapine XR
- Study patients: adult patients with schizophrenia
- Treatment period: 12-months extension study that followed the six-week, placebo-controlled PEARL 3 study
- Primary efficacy endpoint : time to relapse of psychotic symptoms
- Dosing Regimen :
 - LATUDA: Patients on LATUDA 80 mg/day or 160 mg/day, and placebo* in the six-week PEARL3 Study.
 - ⇒ For week 1, 120mg/day (fixed dose)
 - ⇒ Then for up to 52 weeks, 40mg/day - 160mg/day (flexibly dosed)
 - Quetiapine XR: Patients on Quetiapine XR 600mg/day in the six-week PEARL3 Study.
 - ⇒ For week 1, 600mg/day
 - ⇒ Then for up to 52 weeks, 200mg/day – 800mg/day (flexibly dosed)

*: Results of the primary analysis do not include PEARL 3 study placebo patients who entered the extension study.

LATUDA[®] (Lurasidone) PEARL 3 Extension Study (2)

LATUDA was shown to be non-inferior to Quetiapine XR in risk for relapse, with a 27% reduction in relapse risk for LATUDA patients. LATUDA was also associated with low rates of weight gain and metabolic changes.

**Hazard ratio 0.728*

Other Key Findings

- Probability of Relapse (Kaplan-Meier):^{*1} 23.7% for LATUDA 33.6% for Quetiapine XR
- Discontinuation (due to treatment failure)^{*1}: 16% for LATUDA 26% for Quetiapine XR (P=0.006)
- PANSS Total Scores^{*2}: -34.6 for LATUDA -25.7 for Quetiapine XR
- Weight^{*2} : +0.7 kg (1.5 lbs) for LATUDA +1.2 kg (2.6 lbs) for Quetiapine XR
- Cholesterol^{*3}: 0.0 mg/dL for LATUDA +4.0 mg/dL for Quetiapine XR
- Triglycerides^{*3}: -18.0 mg/dL for LATUDA -7.0 mg/dL for Quetiapine XR
- Glucose^{*3}: +1.0 mg/dL for both LATUDA and Quetiapine XR

**1 Results during the extension study*

**2 The mean change from the start of the PEARL3 study*

**3 The median change from the start of the PEARL 3 study*

Adverse Events (greater than or equal to 5%)

- LATUDA: akathisia, headache, insomnia, anxiety, increased weight and Parkinsonism
- Quetiapine XR: schizophrenia, headache, insomnia, psychotic disorder, increased weight and agitation.

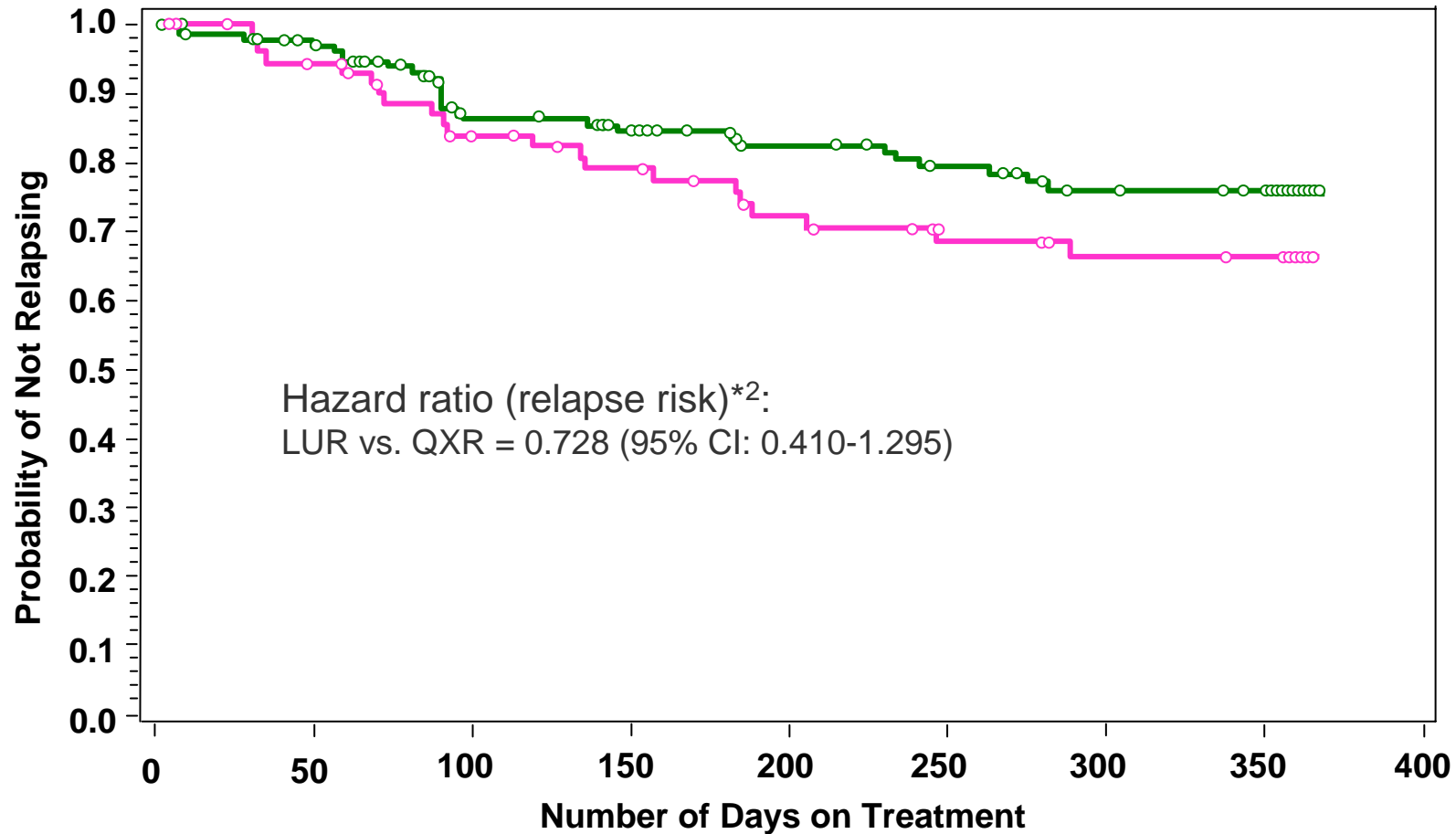
The full study findings will be presented at a future psychiatric medical congress

Note: Doses of 120 mg/day and 160 mg/day are under review at the FDA but have not been approved for use₃₂

LATUDA® (Lurasidone) PEARL 3 Extension Study (3)

A 27% reduction in relapse risk for LATUDA patients compared to Quetiapine XR patients

Kaplan-Meier Survival Analysis*1



Treatment Group — LUR - LUR (n=139) — QXR - QXR (n=79)

*1 Kaplan-Meier Survival Curve up to 365 Days

*2 Derived from the Cox Proportional Hazards Model

Commitment to Oncology (Cancer Field) (1)

Reasons for focus on oncology

- The challenge of researching and developing cancer treatments is a mission for R&D oriented pharmaceutical enterprises.
- There is a very high unmet medical need.
- The market is growing rapidly in the world.
- With the rapid progress of science, new breakthroughs can be expected.
- The therapeutic area can be covered by few MRs because specialists are the main prescriber.
- We have a business base in domestic marketing and R&D in the oncology area.

Commitment to Oncology (Cancer Field) (2)

Achievements to date

Marketing

[Japan]

- SUMIFERON[®] (Launched 1987, on sale)
- CALSED[®] (Launched 2002, Sales transfer to Nippon Kayaku)
- MIRIPLA[®] (Launched 2010, on sale)

Development

[Japan]

- WT4869 (MDS: Ph1/2, Solid Cancer: Ph1)

[China]

- CALSED[®] (Ph3)
- MIRIPLA[®] (Plan to submit IND this year)

Global Oncology Business Development Office

Research

- Focusing on specialty areas including the challenge area of oncology.
- For anti-cancer agents, we have ongoing biopharmaceutical approaches involving proteins, peptides, antibodies and nucleic acids in addition to small molecules.

Alliances/ In-licensing

- Promoting collaborative research with Kyoto University (DSK Project)
- Exclusive option agreement with Boston Biomedical, Inc. for development and commercialization in Japan of the compound "BBI608" that targets cancer stem cells. (Japan: Option right. North America: Exclusive negotiation rights).

Earthquake Disaster Reconstruction Support – Main Efforts to Date

- **Establishment of the Earthquake Disaster Reconstruction Support Office**
 - Established on May 1, 2011 (For 1 year)
Full-time organization for the investigation, planning, and implementation of earthquake disaster reconstruction support activities.
- **Volunteer Pharmacists**
 - From about 200 applicants, volunteer pharmacists in groups of 3 volunteered in Miyagi Prefecture (72 people in 24 groups). ※ Activities completed on August 2.
 - Provided maximum support in earthquake disaster reconstruction activities of the Miyagi Prefecture Pharmaceutical Association.
(Sorting of OTC medicine, transporting goods, administrative support of private volunteer pharmacists, assistance in general operations, etc.)
- **General Volunteers**
 - About 150 applicants went via volunteer bus to work in Rikuzentakata City, Iwate Prefecture. (99 people in 6 groups until now)
 - Clearing mud from roadside drains, removal of rubble, cleaning facilities, etc.
- **Other Activities**
 - Support of Fukushima Prefecture School Athletics Festival
 - Dispatch to Fukushima Disaster Volunteer Center
 - “Dream Care Team” with Tohoku University, etc.

Disaster Reconstruction – Plans For Future Efforts

- **General Volunteers**
 - Iwate Prefecture Volunteer Bus
 - Miyagi Prefecture Volunteer Bus, etc.
- **Decontamination Volunteers**
 - Activity Period: November 2011 – March 2012
 - Activity Location: Fukushima City
 - Activity Description: Removing topsoil from private home gardens, etc. (For employees who have experience dealing with radiation)
- **Healthy Project**
 - Activity Period: November 2011 – March 2012
 - Activity Location: Ohshima, Kesenuma City, Miyagi Prefecture
 - Protection activities to prevent loneliness for temporary housing residents. Teaching children the correct usage of medicine. Children then tell the elderly temporary housing residents.
- **Marché (Market)**
 - Providing support through selling products from the disaster area.

**Future plans to expand reconstruction support
meeting the needs of the disaster area**

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.