

# Consolidated Financial Results for 3<sup>rd</sup> Quarter of FY2006

(Apr. 1, 2006 to Dec. 31, 2006)

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February 2, 2007

Dainippon Sumitomo Pharma Co., Ltd.

# Financial Highlights for 3<sup>rd</sup> Quarter

## Result of Earnings Forecast

- Sales, income move forward as projected.

## Comparison to simple totals of the same period in previous year

- NHI drug price revision, dissolving partnerships and decrease in industrial property revenues result in less income/lower profits.

# Financial Results (financial statements)

	1Q—3Q FY2005	1Q—3Q FY2006	Billions of Yen		Comparison to earnings forecast	
			Change		FY2006	Percentage
			Value	Percentage		
Net sales	173.5	195.9	22.3	12.9 %	260.0	75.3 %
Operating income	24.4	34.2	9.7	39.8 %	42.0	81.4 %
Recurring income	23.4	33.3	9.9	42.3 %	40.5	82.2 %
Net income	12.3	17.9	5.5	45.0 %	22.0	81.2 %

The numerical value of Sumitomo Pharmaceuticals Co., Ltd. before the merger date (October 1, 2005) is not included in the above.

All values are rounded.

**Note: Results of operations.(Oct. – Dec.)**

	Oct.—Dec. FY2005	Oct.—Dec. FY2006	Change	
			Value	Percentage
Net sales	88.8	68.9	-19.9	- 22.4 %
Operating income	15.5	13.7	- 1.8	- 11.4 %
Recurring income	14.9	13.7	- 1.2	- 8.0 %
Net income	8.3	8.4	0.1	0.8 %

# Financial Results (Comparison to Simple Totals)

Billions of Yen

	1Q-3Q FY2005	1Q-3Q FY2006	Change	
			Value	Percentage
<b>Net sales</b>	<b>246.0</b>	<b>195.9</b>	<b>- 50.1</b>	<b>- 20.4 %</b>
<b>Operating income</b>	<b>40.2</b>	<b>34.2</b>	<b>- 6.1</b>	<b>- 15.1 %</b>
<b>Recurring income</b>	<b>38.4</b>	<b>33.3</b>	<b>- 5.1</b>	<b>- 13.2 %</b>
<b>Net income</b>	<b>22.2</b>	<b>17.9</b>	<b>- 4.3</b>	<b>- 19.6 %</b>

All values are rounded.

# Increase and Decrease Factors of Net Sales

Billions of Yen

	1Q-3Q FY2005	1Q-3Q FY2006	Change	
			Value	Percentage
<b>Net sales</b>	246.0	195.9	- 50.1	- 20.4 %

## Negatives

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

## Positives

- Growth of sales in our 4 main products and other priority products

# Domestic Sales of Our 4 Main Products

Billions of Yen

	1Q—3Q FY2005	1Q—3Q FY2006	Change	
			Value	Percentage
AMLODIN <sup>®</sup>	44.7	45.4	0.7	1.6 %
GASMOTIN <sup>®</sup>	12.8	14.3	1.5	11.3 %
PRORENAL <sup>®</sup>	9.7	10.6	0.9	8.8 %
MEROPEN <sup>®</sup>	10.9	11.0	0.1	0.8 %
<b>Total</b>	<b>78.2</b>	<b>81.3</b>	<b>3.1</b>	<b>4.0 %</b>

# Operating Income for 3<sup>rd</sup> Quarter

Billions of Yen

	1Q-3Q FY2005		1Q-3Q FY2006		change
		% to net sales		% to net sales	
Net sales	246.0	—	195.9	—	- 50.1
Cost of Sales	115.8	47.1%	73.9	37.7%	- 41.9
SG&A expenses	89.9	36.6 %	87.8	44.9%	- 2.1
R&D costs	29.9	12.2 %	31.2	15.9%	1.2
Operating income	40.2	16.4 %	34.2	17.4%	- 6.1

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

( **Cost of Sales** )

- Improvement of Cost-to-sales ratio due to change of product mix, etc.

( **SG&A expenses** )

- Reduced labor costs
- Increase of joint development costs, etc.

# Non-operating Income & Expenses and Extraordinary Income & Expenses

Billions of Yen

	1Q—3Q FY2005	1Q—3Q FY2006	Change
<b>Operating income</b>	40.2	34.2	- 6.1
Non-operating income and expenses	- 1.9	- 0.9	1.0
Finance income and expenses including dividend income	0.5	0.7	0.2
Contribution	- 1.2	- 0.9	0.3
Others	- 1.1	-0.7	0.5
<b>Recurring income</b>	38.4	33.3	- 5.1
Extraordinary income and expenses	- 1.6	- 3.5	- 2.0
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 transfer of business	4.5	—	- 4.5
Additional retirement expenses for employees	- 0.6	- 2.9	- 2.3
Loss on reform of retirement benefits plan	—	- 0.6	- 0.6
Expenses related to merger	- 7.1	—	7.1
Losses on business restructuring	- 1.0	—	1.0
Income taxes and minority interests	- 14.6	- 11.9	2.7
<b>Net income</b>	22.2	17.9	- 4.3



# Financial Forecast for FY2006

Billions of Yen

	FY2005	FY2006	
	Results for Year ended 3/31/06 (simple totals)	Forecast for year ending 3/31/2007	Change
<b>Net sales</b>	318.2	260.0	- 58.2
<b>Operating income</b>	44.7	42.0	- 2.7
<b>Recurring income</b>	42.2	40.5	- 1.7
<b>Net income</b>	25.3	22.0	- 3.3
<b>R&amp;D costs</b>	41.8	42.0	0.2

# Development Pipeline Highlights for 3<sup>rd</sup> Quarter

**irbesartan: NDA filed (in JPN)**

**SUMIFERON (Compensated cirrhosis): NDA filed (in JPN)**

**AC-3933: Changed from Phase I to Phase II (in JPN)**

**AC-5216: Deleted due to revising the development plan**

**SM-13496: Newly listed for Phase II due to discontinuation  
of development by Merck  
(Under consideration for Phase III in the U.S.)**

# 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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