

# First Quarter Financial Results for FY2010 (April 1 to June 30, 2010)

July 30, 2010

Dainippon Sumitomo Pharma Co., Ltd.

# Financial Results

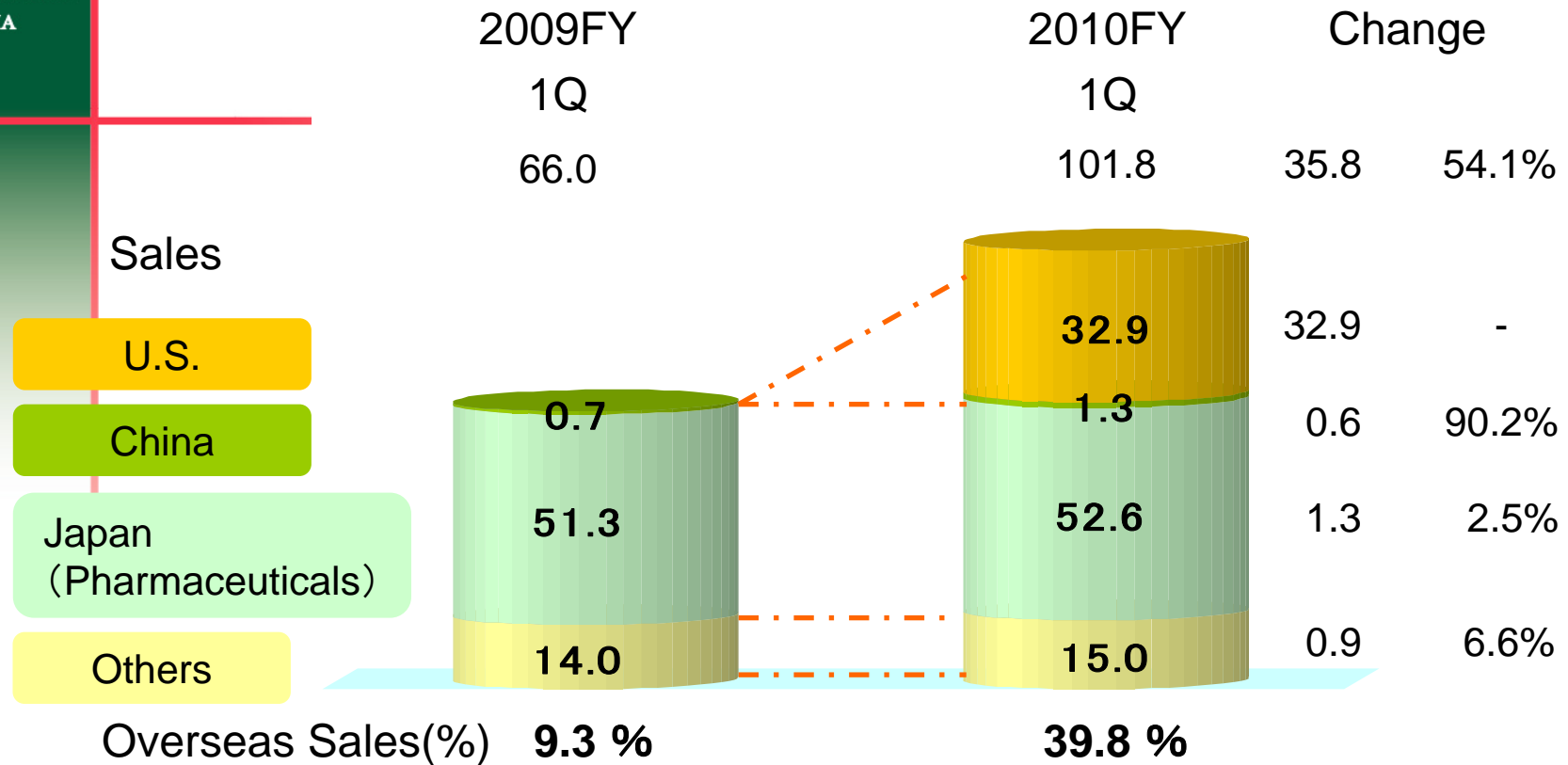
Billions of yen

	FY2009 1Q	FY2010 1Q	Change	
			Value	Percentage
Net sales	66.0	101.8	35.8	54.1%
SG&A expenses	29.4	54.4	25.0	84.9%
R&D Costs	11.9	14.5	2.6	22.1%
Operating income	11.2	14.8	3.6	31.6%
Ordinary income	11.8	14.8	3.0	25.4%
Net income	7.8	9.3	1.5	18.7%

Note: All values are rounded to the nearest 100 million yen

# Breakdown of Sales

Billions of yen  
Change



## 【Japan (Pharmaceuticals)】

- The influence of NHI price revision was covered by sales increase of strategic products and new products
- Including DSP's overseas sales

## 【U.S.】

- The first-quarter sales figures of Sepracor Inc.

# Sales in Japan (Pharmaceuticals)

Billions of yen

	FY2009 1Q	FY2010 1Q	Change	
			Value	Percentage
AVAPRO®	0.2	1.8	1.5	646.7%
LONASEN®	1.4	2.2	0.8	57.7%
PRORENAL®	3.9	3.7	- 0.2	- 4.3%
<b>Strategic Products Total</b>	<b>5.5</b>	<b>7.7</b>	<b>2.2</b>	<b>39.0%</b>
TRERIEF®	0.2	0.8	0.6	337.3%
MIRIPLA®	—	0.4	0.4	—
METGLUCO® (Including MELBIN®)	1.0	1.1	0.2	19.3%
<b>New Products Total</b>	<b>1.1</b>	<b>2.3</b>	<b>1.1</b>	<b>101.9%</b>
AMLODIN®	13.6	10.9	- 2.8	-20.3%
GASMOTIN®	5.2	5.1	- 0.0	- 0.5%
MEROPEN®	3.7	3.3	- 0.4	-11.0%
AmBisome®	0.8	1.1	0.2	28.8%
Others	15.8	16.0	0.2	1.2%
Export	5.4	6.2	0.8	14.1%
<b>Total</b>	<b>51.3</b>	<b>52.6</b>	<b>1.3</b>	<b>2.5%</b>

# Sales in U.S. & China

Billions of yen

	FY2009 1Q	FY2010 1Q	Change
LUNESTA®	—	14.6	14.6
XOPENEX®	—	11.5	11.5
BROVANA®	—	2.3	2.3
OMNARIS®	—	1.0	1.0
Industrial property revenues	—	2.2	2.2
Others	—	1.2	1.2
<b>U.S. Total</b>	<b>—</b>	<b>32.9</b>	<b>32.9</b>
MEROPEN®	0.7	1.2	0.6
Others	0.0	0.1	0.1
<b>China Total</b>	<b>0.7</b>	<b>1.3</b>	<b>0.6</b>

Note: Excluding internal transactions in this sales figures

# Segment Information

Billions of yen

	Pharmaceuticals						Other Business	Total
	Japan	U.S.*1	Impact of purchase price allocation*2	China	Elimination	Total		
<b>Net sales</b>	53.4	34.0	—	1.5	- 2.0	86.8	15.0	101.8
Sales to customers	52.6	32.9	—	1.3	—	86.8	15.0	101.8
Intersegment	0.8	1.1	—	0.1	- 2.0	—	—	—
<b>Cost of sales</b>	15.6	3.1	1.6	0.5	- 0.8	20.0	12.6	32.6
<b>Gross profit</b>	37.9	30.8	- 1.6	1.0	- 1.3	66.8	2.4	69.2
SG&A expenses	25.5	19.8	8.2	0.4	- 1.2	52.7	1.7	54.4
SG&A expenses	16.0	13.9	8.2	0.4	- 0.1	38.3	1.5	39.9
R&D costs	9.5	5.9	—	—	- 1.1	14.3	0.2	14.5
<b>Operating income</b>	12.4	11.1	- 9.8	0.6	- 0.0	14.1	0.7	14.8

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

\*1: Excluding the impact of purchase price allocation by acquisition

\*2: Mainly amortization of patent rights and goodwill

## Financial Results of Japan ( Pharmaceuticals )

Billions of yen

	FY2009 1Q		FY2010 1Q		Change	
		% of net sales		% of net sales	Value	Percentage
Net Sales	51.7	—	53.4	—	1.7	3.3%
Sales to customers	51.3	—	52.6	—	1.3	2.5%
Intersegment	0.4	—	0.8	—	0.4	93.0%
Cost of Sales	13.6	26.3%	15.6	29.1%	1.9	14.3%
<b>Gross Profit</b>	<b>38.1</b>	<b>73.7%</b>	<b>37.9</b>	<b>70.9%</b>	<b>- 0.3</b>	<b>- 0.7%</b>
SG&A expense	27.6	53.4%	25.5	47.7%	- 2.1	- 7.6%
SG&A expense	15.9	30.7%	16.0	29.9%	0.1	0.6%
R&D Costs	11.7	22.7%	9.5	17.8%	- 2.2	-18.8%
<b>Operating Income</b>	<b>10.5</b>	<b>20.3%</b>	<b>12.4</b>	<b>23.2%</b>	<b>1.9</b>	<b>17.6%</b>

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

**(Cost of sales)**

- Rise in cost of sales ratio mainly due to NHI price revision

**(R&D costs)**

- Cost spending was sluggish at this first-quarter etc

## Non-operating Income & Expenses

Billions of yen

	2009FY 1Q	2010FY 1Q	Change	
			Value	Percentage
Operating Income	11.2	14.8	3.6	31.6%
Non-operating income and expenses	0.6	0.0	- 0.5	- 92.0%
Finance income and expenses including dividend income	0.5	0.1	- 0.4	- 77.6%
Contribution	- 0.3	- 0.3	0.0	1.4%
Others	0.3	0.2	- 0.1	- 40.1%
Ordinary income	11.8	14.8	3.0	25.4%
Income taxes	4.0	5.6	1.5	38.4%
Net income	7.8	9.3	1.5	18.7%



# Financial Forecast for FY2010



# Financial Forecast for FY2010

Billions of yen

	Results FY 2009	Forecast for FY2010				Change			
		Forecast (as of May 10)		Forecast (as of July 30)		Value		Percentage (%)	
		first half	full year	first half	full year	first half	full year	first half	full year
Net sales	296.3	181.5	354.0	186.0	359.0	4.5	5.0	2.5	1.4
SG&A expenses	148.4	121.0	242.5	115.0	242.5	- 6.0	0	- 5.0	0.0
R&D costs	51.4	33.6	67.5	31.5	67.5	- 2.1	0	- 6.3	0.0
Operating income	35.6	3.5	3.5	14.5	8.5	11.0	5.0	314.3	142.8
Ordinary income	33.8	2.0	1.0	13.5	6.0	11.5	5.0	575.0	500.0
Net income	21.0	0.7	0	8.1	3.0	7.4	3.0	1057.1	—
EBITDA	56.4	28.3	52.0	39.7	57.2	11.4	5.2	40.2	10.0

\* EBITDA : Earnings Before Interest Taxes Depreciation and Amortization

## (Reason for Revision)

- Sales increase of major products in U.S. subsidiary
- Brisk demand for our products in Europe

## Forecast for First Half of FY2010

Billions of yen

	Forecast (as of May 10)  (a)	Forecast (as of July 30)				Compared to May	
		1Q  (b)	2Q  (C)	First half  (d)=(b)+(c)	Change (Value) (c)-(b)	Change (Value) (d)-(a)	
Net sales	181.5	101.8	84.2	186.0	- 17.6	4.5	
Cost of Sales	57.0	32.6	23.9	56.5	- 8.7	-0.5	
Gross Profit	124.5	69.2	60.3	129.5	- 8.9	5.0	
SG&A expenses	121.0	54.4	60.6	115.0	6.2	-6.0	
SG&A expenses	87.4	39.9	43.6	83.5	3.7	-3.9	
R&D costs	33.6	14.5	17.0	31.5	2.5	-2.1	
Operating income	3.5	14.8	- 0.3	14.5	- 15.1	11.0	

# Forecast for Second Half of FY2010

Billions of yen

	Forecast (as of May 10) (a)	Forecast (as of July 30)			Compared to May	
		First half (b)	Second half (c)	Change (value) (c)-(b)	Change (value) (c)-(a)	
Net sales	172.5	186.0	173.0	- 13.0	0.5	
Cost of Sales	51.0	56.5	51.5	- 5.0	0.5	
Gross Profit	121.5	129.5	121.5	- 8.0	0	
SG&A expenses	121.5	115.0	127.5	12.5	6.0	
SG&A expenses	87.6	83.5	91.5	8.0	3.9	
R&D costs	33.9	31.5	36.0	4.5	2.1	
Operating income	0	14.5	- 6.0	- 20.5	-6.0	

# Forecast for First Half of FY2010

Billions of yen

		Pharmaceuticals					Other Business	Total	
		Japan	U.S *1	Impact of P.P.A *2	China	Elimination			Total
Forecast 2Q(first half) as of May 10	Net sales	97.2	60.9	-	2.7	-3.3	157.5	24.0	181.5
	Cost of sales	28.0	6.4	2.9	1.0	-1.0	37.3	19.7	57.0
	Gross profit	69.2	54.5	-2.9	1.7	-2.3	120.2	4.3	124.5
	SG&A expenses	57.6	44.2	16.4	1.5	-2.3	117.4	3.6	121.0
	SG&A expenses	34.4	32.1	16.4	1.5	-0.2	84.2	3.2	87.4
	R&D costs	23.2	12.1	-	-	-2.1	33.2	0.4	33.6
	Operating income	11.6	10.3	-19.3	0.2	0.0	2.8	0.7	3.5
Forecast 2Q(first half) as of July 30	Net sales	99.8	63.0	-	2.9	-3.7	162.0	24.0	186.0
	Cost of sales	28.3	6.1	2.6	1.0	-1.2	36.8	19.7	56.5
	Gross profit	71.5	56.9	-2.6	1.9	-2.5	125.2	4.3	129.5
	SG&A expenses	55.4	40.8	16.6	1.1	-2.5	111.4	3.6	115.0
	SG&A expenses	33.4	29.5	16.6	1.1	-0.3	80.3	3.2	83.5
	R&D costs	22.0	11.3	-	-	-2.2	31.1	0.4	31.5
	Operating income	16.1	16.1	-19.2	0.8	0.0	13.8	0.7	14.5
Change	Net Sales	2.6	2.1	-	0.2	-0.4	4.5	0.0	4.5
	Operating income	4.5	5.8	0.1	0.6	0.0	11.0	0.0	11.0

Notes \*1. Excluding impact of purchase price allocation by acquisition

\*2. Mainly amortization of patent rights and goodwill

Exchange rate:  
¥91.36 to US\$1

¥13.40 to CNY1

# Forecast for FY2010

Billions of yen

		Pharmaceuticals						Other Business	Total
		Japan	U.S *1	Impact of P.P.A *2	China	Elimination	Total		
Forecast for FY2010 as of May 10	Net sales	195.2	115.2	-	5.9	-6.3	310.0	44.0	354.0
	Cost of sales	56.7	12.3	3.4	2.3	-1.9	72.8	35.2	108.0
	Gross profit	138.5	102.9	-3.4	3.6	-4.4	237.2	8.8	246.0
	SG&A expenses	114.5	89.6	32.8	3.0	-4.4	235.5	7.0	242.5
	SG&A expenses	68.5	64.7	32.8	3.0	-0.2	168.8	6.2	175.0
	R&D costs	46.0	24.9	-	-	-4.2	66.7	0.8	67.5
	Operating income	24.0	13.3	-36.2	0.6	0.0	1.7	1.8	3.5
Forecast for FY2010 as of July 30	Net sales	196.3	119.3	-	6.4	-7.0	315.0	44.0	359.0
	Cost of sales	56.9	12.2	3.4	2.4	-2.1	72.8	35.2	108.0
	Gross profit	139.4	107.1	-3.4	4.0	-4.9	242.2	8.8	251.0
	SG&A expenses	114.3	89.9	33.0	3.2	-4.9	235.5	7.0	242.5
	SG&A expenses	68.0	65.2	33.0	3.2	-0.6	168.8	6.2	175.0
	R&D costs	46.3	24.7			-4.3	66.7	0.8	67.5
	Operating income	25.1	17.2	-36.4	0.8	0.0	6.7	1.8	8.5
Change	Net Sales	1.1	4.1	-	0.5	-0.7	5.0	0.0	5.0
	Operating income	1.1	3.9	-0.2	0.2	0.0	5.0	0.0	5.0

Notes \*1. Excluding impact of purchase price allocation by acquisition

\*2. Mainly amortization of patent rights and goodwill

Exchange rate:

¥90 to US\$1

¥13 to CNY1

# Financial Forecast for FY2010

## Japan Segment (Pharmaceuticals)

Billions of Yen

	Forecast for FY2010				Change	
	(as of May 10)		(as of July 30)			
	first half	full year	first half	full year	first half	full year
Net Sales	97.2	195.2	99.8	196.3	2.6	1.1
Sales to customers	96.3	193.4	98.6	194.2	2.3	0.8
Intersegment	0.9	1.8	1.2	2.1	0.3	0.3
	28.8%	29.0%	28.4%	29.0%	(- 0.4pt)	(0.0pt)
Cost of sales	28.0	56.7	28.3	56.9	0.3	0.2
Gross profit	69.2	138.5	71.5	139.4	2.3	0.9
SG&A expenses	57.6	114.5	55.4	114.3	-2.2	-0.2
SG&A expenses	34.4	68.5	33.4	68.0	-1.0	-0.5
R&D costs	23.2	46.0	22.0	46.3	-1.2	0.3
	11.9%	12.3%	16.1%	12.8%	(4.2pt)	(0.5pt)
Operating income	11.6	24.0	16.1	25.1	4.5	1.1

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

(Reason for Revision)

**Brisk demand for our products in Europe**

# Sales Forecast in Japan (Pharmaceuticals)

Billions of yen

	Results FY2009	Forecast for FY 2010 (as of May.10)	Forecast for FY 2010 (as of July 30)	Change Compared to May	
				Value	Percentage
AVAPRO®	3.7	8.0	8.0	0	0%
LONASEN®	6.3	12.0	10.5	- 1.5	-12.5%
PRORENAL®	15.4	16.0	16.0	0	0%
Strategic products Total	25.4	36.0	34.5	- 1.5	- 4.2%
TRETRIEF®	0.8	2.8	2.8	0	0%
MIRIPLA®	0.2	1.5	1.5	0	0%
METGLUCO® ( Including MELBIN® )	3.9	4.2	4.2	0	0%
New Products Total	4.9	8.5	8.5	0	0%
AMLODIN®	52.0	38.5	39.0	0.5	1.3%
GASMOTIN®	20.7	20.4	20.4	0	0%
MEROPEN®	14.7	10.2	11.0	0.8	7.8%
AmBisome®	4.0	5.1	5.1	0	0%
Others Total	62.3	58.3	58.0	- 0.3	- 0.5%
Exports	19.8	16.4	17.7	1.3	7.9%
<b>Total</b>	<b>204.0</b>	<b>193.4</b>	<b>194.2</b>	<b>0.8</b>	<b>0.4%</b>

Note: Excluding internal transactions in this sales figures



# Financial Forecast for FY2010

## U.S. Segment

Billions of Yen

	Forecast		Results (unaudited) and Forecast		Change	
	(as of May 10, 2010)		(as of July 30, 2010)			
	first half	full year	first half (results)	full year (forecast)	first half	full year
Net Sales	60.9	115.2	63.0	119.3	2.1	4.1
Sales to customers	58.8	111.0	60.8	115.0	2.0	4.0
Intersegment	2.1	4.2	2.2	4.3	0.1	0.1
	10.5%	10.7%	9.7%	10.2%	(-0.8pt)	(-0.5pt)
Cost of sales	6.4	12.3	6.1	12.2	-0.3	-0.1
Gross profit	54.5	102.9	56.9	107.1	2.4	4.2
SG&A expenses	44.2	89.6	40.8	89.9	-3.4	0.3
SG&A expenses	32.1	64.7	29.5	65.2	-2.6	0.5
R&D costs	12.1	24.9	11.3	24.7	-0.8	-0.2
	16.9%	11.5%	25.6%	14.4%	(+8.7pt)	(+2.8pt)
Operating income	10.3	13.3	16.1	17.2	5.8	3.9

Notes: Excluding impact of purchase price allocation by acquisition

(Reason for Revision)

Sales increase of major products in U.S. subsidiary

## Sales Forecast in U.S. and China

Billions of yen



	Results FY2009	Forecast for FY 2010 (as of May 10)	Forecast for FY 2010 (as of July 30)	Change Compared to May	
				Value	Percentage
LUNESTA <sup>®</sup>	10.5	46.5	50.4	3.9	8.4%
XOPENEX <sup>®</sup>	13.6	41.3	39.4	-1.9	-4.6%
BROVANA <sup>®</sup>	1.7	7.2	8.7	1.5	20.8%
OMNARIS <sup>®</sup>	0.6	4.8	4.8	0	0%
Industrial Property Revenues	1.5	6.6	6.6	0	0%
Others	0.7	4.6	5.1	0.5	10.9%
<b>U.S. Total</b>	<b>28.6</b>	<b>111.0</b>	<b>115.0</b>	<b>4.0</b>	<b>3.6%</b>
MEPEM <sup>®</sup>	3.8	5.0	5.2	0.2	8.0%
Others	0.4	0.6	0.6	0	0%
<b>China total</b>	<b>4.1</b>	<b>5.6</b>	<b>5.8</b>	<b>0.2</b>	<b>3.6%</b>

Note: Excluding internal transactions in this sales figures

# R&D Pipeline



# Development Pipeline (as of July 30, 2010)

	NDA filed	Phase III	Phase II	Phase I
<b>Japan</b>	<p>SMP-508 (Diabetes)</p> <p>MEROPEN (Infection/ Maximum daily dose change)</p>	<p>Lurasidone (Schizophrenia)</p> <p>SMP-508 (Diabetes/ Combination Therapy with TZD/BG)</p>	<p>AS-3201 Diabetic neuropathy</p> <p>SMP-986 (Overactive bladder)</p> <p>DSP-8153 (Hypertension/ Combination product)</p>	<p>DSP-3235 (Diabetes)</p> <p>DSP-3025 (Allergic disorders)</p> <p>SMP-028 (Bronchial asthma)</p>
<b>Foreign Markets</b>	<p>Lurasidone US (Schizophrenia)</p> <p>STEDESA™ US * (Epilepsy-Adjunct)</p>	<p>Lurasidone US·EU etc. (Bipolar disorder)</p> <p>Amurubicin hydrochloride China (Small cell lung cancer)</p> <p>OMNARIS® HFA Nasal MDI US * (Allergic Rhinitis)</p> <p>STEDESA™ US * (Epilepsy- Adult monotherapy)</p>	<p>SMP-986 US·EU (Overactive bladder)</p> <p>ALVESCO® HFA US * (Asthma-Pediatrics age range TBD)</p>	<p>SMP-028 US·EU (Bronchial asthma)</p> <p>DSP-7238 EU (Diabetes)</p> <p>DSP-8658 US (Diabetes)</p> <p>SEP-227900 US * (Cognition/Pain/AD)</p> <p>SEP-228432 US * (ADHD)</p>
	<p> New Chemical Entities</p> <p> New Indication etc.</p> <p>* Pipeline candidates in Sepracor</p>			

# Development Pipeline Highlights

- **MEROPEN<sup>®</sup> : Partial Change Application**  
Submitted an application for partial change of the maximum daily dose from 2g to 3g for patients with severe/refractory infection in Japan
- **SMP-508 : Started Phase III Study in Japan**  
Started Phase III Study for additional indications for combination therapy with biguanide and combination therapy with thiazolidine.
- **SMP-986 : Started Phase II Study in Japan**  
Started Phase II Study in order to evaluate potency and positioning of SMP-986.

# Sepracor Development Highlights (OMNARIS<sup>®</sup> HFA)

- Results from Phase III study for OMNARIS<sup>®</sup> HFA (generic name: ciclesonide)
  - In a large-scale Phase III study (second study), OMNARIS<sup>®</sup> HFA delivered in an aerosol nasal formulation propelled by HFA, met its primary endpoint.
  - One potential benefit of OMNARIS<sup>®</sup> HFA and its differentiated delivery system is that the product may be able to reduce post-nasal drip that is commonly associated with currently available intranasal aqueous-based corticosteroids for the treatment of allergic rhinitis.
  - If OMNARIS<sup>®</sup> HFA is launched, it would be a first-in-class HFA delivery system in the U.S. for the treatment of allergic rhinitis.

# Clinical Development of Lurasidone

Program to  
Evaluate the  
Antipsychotic  
Response to  
Lurasidone

## ■ Schizophrenia

NDA was submitted to the U.S. FDA on Dec. 30<sup>th</sup>  
(US time) of 2009

Expected to get approval during 2010 and to launch in 1Q, 2011

## ■ Ongoing Phase 3 studies in Schizophrenia

- Phase 3 Placebo- and Active Comparator (olanzapine)
  - Controlled Clinical Study (PEARL 2)
    - Data from the extension study under evaluation
    - Study results were presented at APA (May 22-26, 2010, New Orleans)
- Long-term Safety Study (PEARL Safety)
  - One-year study ended treatment
  - Results are expected in Autumn 2010
- Phase 3 Placebo- and Active Comparator (quetiapine XR)
  - Controlled Clinical Study (PEARL 3)
    - Six-week study ended treatment
    - Results are expected in Autumn 2010

# Clinical Development of Lurasidone

**P**Rogram to  
**E**valuate the  
**I**mpact of  
**L**urasidone

- Bipolar Disorder Phase 3 studies (PREVAIL study)
  - Screening started in April, 2009, dosing underway
  - Supplemental NDA is planned for the first half of year 2012
  
- Development for Japanese NDA submission (Pan-Asia study)
  - IND for Phase 3 Study (schizophrenia indication) in Japan, Taiwan and South Korea
  - Dosing underway
  - Protocol Synopsis
    - Comparator: Placebo (Reference: risperidone)
    - Number of Patients: 440
    - Primary Endpoints: PANSS



# 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.