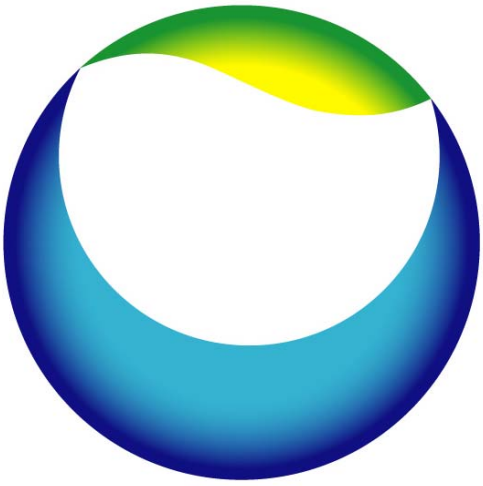
Stock code
number 4568

Reference Data

（Consolidated Financial Results for Interim Period Fiscal 2006）



Daiichi-Sankyo

November 6, 2006

Corporate Communications Department
http:// www.daiichisankyo. com

Contents

Daiichi-Sankyo

1.Congress of Achievement

FY2004

(million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	change	million yen	change	million yen	change	million yen	change
1st half	449,127	—	74,178	—	76,248	—	48,727	—
Sankyo Group	289,988	-2.2%	49,159	-3.7%	50,073	-1.0%	37,965	59.3%
Daiichi Group	159,139	-2.0%	25,019	-5.4%	26,175	-1.5%	10,762	-29.7%
DAIICHI SANKYO non- consolidated	—	—	—	—	—	—	—	—
2nd half	467,236	—	66,809	—	63,578	—	36,729	—
Sankyo Group	297,842	-0.7%	35,766	-19.6%	32,433	-25.3%	10,317	-47.3%
Daiichi Group	169,394	5.6%	31,043	57.8%	31,145	54.5%	26,412	132.7%
DAIICHI SANKYO non- consolidated	—	—	—	—	—	—	—	—
Full Year	916,364	—	140,988	—	139,826	—	85,457	—
Sankyo Group	587,830	-1.4%	84,925	-11.1%	82,506	-12.2%	48,282	11.2%
Daiichi Group	328,534	1.8%	56,063	21.6%	57,320	22.7%	37,175	39.4%
DAIICHI SANKYO non- consolidated	—	—	—	—	—	—	—	—

FY2005

	Net sales		Operating income		Ordinary income		Net income	
	million yen	change	million yen	change	million yen	change	million yen	change
1st half	451,808	0.6%	80,345	8.3%	82,642	8.4%	49,450	1.5%
Sankyo Group	286,207	-1.3%	48,101	-2.2%	49,899	-0.3%	31,953	-15.8%
Daiichi Group	165,667	4.1%	31,809	27.1%	32,818	25.4%	17,594	63.5%
DAIICHI SANKYO non- consolidated	816	—	400	—	39	—	23	—
2nd half	474,110	1.5%	74,382	11.3%	77,071	21.2%	38,242	4.1%
Sankyo Group	293,742	-1.4%	30,234	-15.5%	32,265	-0.5%	18,674	81.0%
Daiichi Group	180,780	6.7%	44,278	42.6%	45,111	44.8%	19,815	-25.0%
DAIICHI SANKYO non- consolidated	75,840	—	73,548	—	73,552	—	73,522	—
Full Year	925,918	1.0%	154,728	9.7%	159,714	14.2%	87,692	2.6%
Sankyo Group	579,949	-1.3%	78,335	-7.8%	82,164	-0.4%	50,627	4.9%
Daiichi Group	346,447	5.5%	76,087	35.7%	77,929	36.0%	37,409	0.6%
DAIICHI SANKYO non- consolidated	76,656	—	73,948	—	73,591	—	73,545	—

FY2006 Estimate (May)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	change	million yen	change	million yen	change	million yen	change
1st half	470,000	4.0%	55,000	-31.5%	60,000	-27.4%	38,000	-23.2%
2nd half	395,000	-16.7%	53,000	-28.7%	55,000	-28.6%	9,000	-76.5%
Full Year	865,000	-6.6%	108,000	-30.2%	115,000	-28.0%	47,000	-46.4%
increase/decrease vs. FY05	-60,918		-46,728		-44,714		-40,692	

FY2006 Estimate (September)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	change	million yen	change	million yen	change	million yen	change
1st half	480,000	6.2%	65,000	-19.1%	72,000	-12.9%	46,000	-7.0%
2nd half	395,000	-16.7%	53,000	-28.7%	55,000	-28.6%	9,000	-76.5%
Full Year	875,000	-5.5%	118,000	-23.7%	127,000	-20.5%	55,000	-37.3%
Difference from estimate(May)	10,000		10,000		12,000		8,000	

FY 2006 New Estimate

	Net sales		Operating income		Ordinary income		Net income	
	million yen	change	million yen	change	million yen	change	million yen	change
1st half actual	485,842	7.5%	78,353	-2.5%	88,208	6.7%	66,886	35.3%
2nd half estimate	432,158	-8.8%	48,647	-34.6%	51,792	-32.8%	-3,886	-110.2%
Full year estimate	918,000	-0.9%	127,000	-17.9%	140,000	-12.3%	63,000	-28.2%
Difference from estimate(May)	53,000		19,000		25,000		16,000	
Difference from estimate(July)	43,000		9,000		13,000		8,000	
increase/decrease vs. FY05	-7,918		-27,728		-19,714		-24,692	

2.Summary of Statement

million yen

	FY2005		FY2006								
	1st half	Full Year	1st half			2nd half (Estimate)			Full Year (Estimate)		
				Difference from Estimate in July	Pharmaceuticals business* Total		Difference from Estimate in July	Pharmaceuticals business* Total		Difference from Estimate in July	Pharmaceuticals business* Total
Change	<0.6>	<1.0>	**<7.5>**			**<-8.8>**			**<-0.9>**		
Net sales	451,808	925,918	**485,842**	5,842	433,502	**432,158**	37,158	396,498	**918,000**	43,000	830,000
Cost of sales	141,296	290,735	**138,022**	1,222	104,580	**126,978**	26,178	100,420	**265,000**	27,400	205,000
Cost of sales ratio	31.3%	31.4%	**28.4%**		24.1%	**29.4%**		25.3%	**28.9%**		24.7%
Selling, general and administrative expenses	230,166	480,454	**269,466**	-8,734	252,792	**256,534**	15,334	249,208	**526,000**	6,600	502,000
SG&A ratio	50.9%	51.9%	**55.5%**		58.3%	**59.4%**		62.9%	**57.3%**		60.5%
Research and development	72,528	158,716	**84,939**	-2,061	81,655	**85,061**	5,061	83,345	**170,000**	3,000	165,000
R&D ratio	16.1%	17.1%	**17.5%**		18.8%	**19.7%**		21.0%	**18.5%**		19.9%
Change	<8.3>	<9.7>	**<-2.5>**			**<-34.6>**			**<-17.9>**		
Operating income	80,345	154,728	**78,353**	13,353	76,130	**48,647**	-4,353	46,870	**127,000**	9,000	123,000
/ Net sales	17.8%	16.7%	**16.1%**		17.6%	**11.3%**		11.8%	**13.8%**		14.8%
Change	<8.4>	<14.2>	**<6.7>**			**<-32.8>**			**<-12.3>**		
Ordinary income	82,642	159,714	**88,208**	16,208	–	**51,792**	-3,208	**–**	**140,000**	13,000	–
/ Net sales	18.3%	17.2%	**18.2%**		–	**12.0%**		**–**	**15.3%**		–
Change	<1.5>	<2.6>	**<35.3>**			**<-110.2>**			**<-28.2>**		
Net income	49,450	87,692	**66,886**	20,886	–	**-3,886**	-12,886	–	**63,000**	8,000	–
/ Net sales	10.9%	9.5%	**13.8%**		–	**-0.9%**		–	**6.9%**		–

* Continuing business

Notes

- The accounting period of DAIICHISANKYO INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are overseas subsidiaries of the DAIICHI SANKYO Group, is 15 months from January 2006 to March 2007. This is due to an adjustment made to the accounting period. Therefore, for these two companies, the accounting period for 1st half is from January to September 2006. The sales and profit attained through January to March 2006 was sales of ¥31.5 billion, operating income of ¥9.0 billion, ordinary income of ¥10.5 billion and net income of ¥5.8 billion.
- For the first half of fiscal 2006, an earnings forecast was made equaling half of the annual sales/profit for non-pharmaceutical operations operating as independent businesses outside of the DAIICHI SANKYO Group.（Sales; 58,000million yen, Operating income; 4,000million yen） Revised earnings forecast of 2nd half included sales/profit for non-pharmaceutical to be spin-off by the end of March 2007.
- In fiscal 2006, Zepharma Inc., Taiwan Sankyo Ltd. And Shanghai Sankyo Pharmaceuticals Ltd., were made consolidated subsidiaries of DAIICHI SANKYO CO., LTD. In the case of the share acquisition of Zepharma Inc., intangible assets and goodwill be amortized over a period of 10 years.

3.Currency Exchange Rate

	FY2005		FY2006					
	1st half	Full Year	1st half		2nd half		Full Year	
				Difference from Estimate in July		Difference from Estimate in July		Difference from Estimate in July
Yen／$ (Average)	–	–	**115.9**	115	**115**	115	**115**	115
Yen／EUR (Average)	–	–	**European subsidiaries：142.2* Exports：146***	135	**145**	135	**145**	135

*due to difference of accounting term

Influence of exchange

Exchange impacts (forecast); Sales:2.3billion yen（Operating income 0.6billion yen） 【USD】
Sales:0.4billion yen（Operating income: small ） 【Euro】

4.Global Products Sales

million yen

	FY2005				FY2006						Change	
	1st half	2nd half	Full Year		1st half			2nd half		Full Year	1st	Full
				Change	Issued in July	Actual	Difference from estimate	Issued in July	Estimate	Estimate	half	Year
Olmesartan* 【antihypertensive】	41,100	51,300	92,400	102.6%	81,300	**84,000**	2,700	67,400	**73,700**	148,700 **157,700**	104.4%	70.7%
Japan：Olmetec	10,000	15,600	25,600	184.4%	19,300	**19,400**	100	18,600	**24,200**	37,900 **43,600**	94.0%	70.3%
U.S.A: Benicar	22,800	27,500	50,300	66.0%	51,300	**53,300**	2,000	36,600	**36,100**	87,900 **89,400**	133.8%	77.7%
Europe: Olmetec	7,200	7,500	14,700	153.4%	9,500	**10,100**	600	11,100	**12,400**	20,600 **22,500**	40.3%	53.1%
Others	1,100	700	1,800	260.0%	1,200	**1,200**	0	1,100	**800**	2,300 **2,000**	9.1%	11.1%
Levofloxacin 【oral antibacterials】	46,600	51,000	97,600	8.1%	45,800	**46,200**	400	50,100	**50,600**	95,900 **96,800**	-0.9%	-0.8%
Japan：Cravit	23,600	26,600	50,200	6.6%	21,900	**21,000**	-900	25,700	**26,000**	47,600 **47,000**	-11.0%	-6.4%
Exports	14,900	14,600	29,500	21.9%	15,500	**16,400**	900	15,300	**14,900**	30,800 **31,300**	10.1%	6.1%
Royalty	8,100	9,800	17,900	-5.8%	8,400	**8,800**	400	9,600	**9,700**	18,000 **18,500**	8.6%	3.4%
Pravastatin 【antihyperlipidemic agent】	79,200	64,000	143,200	-14.1%	47,900	**52,000**	4,100	45,000	**41,800**	92,900 **93,800**	-34.3%	-34.5%
Japan: Mevalotin	38,500	36,700	75,200	-8.8%	33,500	**34,800**	1,300	33,700	**32,400**	67,200 **67,200**	-9.6%	-10.6%
Europe	2,400	3,100	5,500	-47.1%	2,500	**3,300**	800	2,700	**2,500**	5,200 **5,800**	37.5%	5.5%
Export	38,300	24,200	62,500	-15.3%	11,900	**13,900**	2,000	8,600	**6,900**	20,500 **20,800**	-63.7%	-66.7%

*1st half sales of Benicar shows 9 months sales .

Reference(from January to March) : Benicar ¥15,600milion ($135mil)

5.Overseas sales

million yen

	FY2005			FY2006		
	1st half	2nd half	Full Year	1st half	2nd half	1st half
North America	93,994	88,620	182,614	**134,959**		
Europe	45,443	52,997	98,440	**44,581**		
Others*	14,192	12,018	26,210	**15,096**		
Overseas sales	153,631	153,634	307,265	**194,636**	**149,364**	**344,000**
/ Net sales	34.0%	32.4%	33.2%	**40.1%**	**34.6%**	**37.5%**

＊China, Korea, Thai, Taiwan, Brazil, Venezuela etc.

The accounting period of DAIICHISANKYO INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are overseas subsidiaries of the DAIICHI SANKYO Group, is 15 months. This is due to an adjustment made to the accounting period.
The sales and profit attained through January to March 2006 was sales of ¥31.5 billion.

6.Information by Operating Segment

million yen

			FY2005			FY2006
			1st half	2nd half	Full year	1st half
		Prescription drugs in Japan	208,266	223,135	431,401	**215,236**
		Prescription drugs in overseas	145,253	144,277	289,530	**185,169**
		Healthcare (OTC)	14,794	13,106	27,900	**24,592**
	Pharmaceuticals		385,415	399,251	784,666	**441,381**
	Other		66,393	74,858	141,251	**44,460**
Net Sales (Consolidated)			451,808	474,110	925,918	**485,842**
	Pharmaceuticals		77,651	70,463	148,114	**75,894**
	Other		2,321	3,825	6,146	**2,251**
Net income (Consolidated)			80,345	74,383	154,728	**78,353**

The accounting period of DAIICHISANKYO INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are overseas subsidiaries of the DAIICHI SANKYO Group, is 15 months. This is due to an adjustment made to the accounting period.
The sales and profit attained through January to March 2006 was sales of ¥31.5 billion, operating income of ¥9.0 billion.

7.Information by Geographic Segment

million yen

		FY2005				FY2006	
		1st half		2nd half	Full year	1st half	
			%				%
	Japan	371,239	82.2%	381,554	752,793	**341,976**	70.4%
	North America	53,741	11.9%	62,320	116,061	**108,566**	22.3%
	Europe	21,345	4.7%	24,128	45,473	**27,318**	5.6%
	Other	5,481	1.2%	6,108	11,589	**7,980**	1.6%
Net Sales (Consolidated)		451,808	100.0%	474,110	925,918	**485,842**	100.0%
	Japan	69,124		61,125	130,249	**71,642**	
	North America	11,916		13,541	25,457	**33,880**	
	Europe	-1,924		1,239	-685	**5,428**	
	Other	472		391	863	**348**	
Net income (Consolidated)		80,345		74,383	154,728	**78,353**	

The accounting period of DAIICHISANKYO INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are overseas subsidiaries of the DAIICHI SANKYO Group, is 15 months. This is due to an adjustment made to the accounting period.
The sales and profit attained through January to March 2006 was sales of ¥31.5 billion, operating income of ¥9.0 billion.

（Reference）

million yen

				FY2006					
				1st half Estimate issued in July	1st half Actual	2nd half Estimate issued in July	2nd half Estimate	Full Year Estimate issued in July	Full year Estimate
	Pharmaceuticals	Prescription drugs in Japan （Sankyo+Daiichi）		203,900	**215,236**	212,100	**210,764**	416,000	**426,000**
		U.S.	Exports	22,000	**24,298**	22,800	**22,302**	44,800	**46,600**
			DSI*	70,600	**73,616**	52,000	**50,984**	122,600	**124,600**
			LPI*	35,500	**34,962**	16,300	**21,338**	51,800	**56,300**
		Europe	Exports	14,000	**14,808**	10,000	**9,792**	24,000	**24,600**
			DSE*	25,800	**26,698**	23,800	**24,302**	49,600	**51,000**
		DAIICHI SANKYO HEALTHCARE CO., LTD. ZEPHARMA		26,000	**24,584**	28,200	**25,116**	54,200	**49,700**
		Other Company(Total)		26,200	**19,300**	27,800	**31,900**	54,000	**51,200**
	Other			56,000	**52,340**	2,000	**35,660**	58,000	**88,000**
Net Sales (Consolidated)				480,000	**485,842**	395,000	**432,158**	875,000	**918,000**

The accounting period of DAIICHISANKYO INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are overseas subsidiaries of the DAIICHI SANKYO Group, is 15 months. This is due to an adjustment made to the accounting period.
The sales and profit attained through January to March 2006 was sales of ¥31.5 billion, operating income of ¥9.0 billion.

8.Domestic Sales

Sales of main ethical pharmaceuticals

million yen

		FY2005				FY2006							Change	
		1st half	2nd half	Full Year		1st half			2nd half		Full Year			
					Change	Issued in July	Actual	Difference from estimate	Issued in July	Revised Estimate	Issued in July	Revised Estimate	1st half	Full Year
Cardiovascular	Mevalotin (antihyperlipidemic agent)	38,500	36,700	75,200	-8.8%	33,500	**34,800**	1,300	33,700	**32,400**	67,200	**67,200**	-9.6%	-10.6%
	Panaldine (antiplatelet agent)	14,700	13,600	28,300	-1.0%	10,600	**13,200**	2,600	9,100	**10,100**	19,700	**23,300**	-10.2%	-17.7%
	Artist (long-acting beta-blocker)	9,100	9,100	18,200	16.7%	9,200	**9,600**	400	9,600	**9,900**	18,800	**19,500**	5.5%	7.1%
	Sunrythm (antiarrhythmic agent)	6,000	5,900	11,900	7.2%	5,600	**5,900**	300	5,700	**5,900**	11,300	**11,800**	-1.7%	-0.8%
	Acecol (antihypertensive)	4,800	4,300	9,100	-16.5%	3,600	**4,100**	500	3,700	**3,900**	7,300	**8,000**	-14.6%	-12.1%
	Olmetec (antihypertensive)	10,000	15,600	25,600	184.4%	19,300	**19,400**	100	18,600	**24,200**	37,900	**43,600**	94.0%	70.3%
	Coversyl (antihypertensive)	4,500	3,900	8,400	-3.4%	3,600	**3,500**	-100	3,500	**3,300**	7,100	**6,800**	-22.2%	-19.0%
	Hanp (agent for the treatment of acute cardiac failure)	3,900	4,700	8,600	22.9%	4,000	**4,200**	200	5,200	**5,300**	9,200	**9,500**	7.7%	10.5%
	Calblock (antihypertensive)	3,000	3,400	6,400	113.3%	4,300	**4,100**	-200	4,900	**5,000**	9,200	**9,100**	36.7%	42.2%
	Livalo (antihyperlipidemic agent)	2,000	2,100	4,100	95.2%	2,500	**2,400**	-100	3,100	**3,300**	5,600	**5,700**	20.0%	39.0%
Metabolic	Fastic (antidiabetic agent)	2,700	2,600	5,300	-1.9%	2,800	**2,700**	-100	2,900	**2,700**	5,700	**5,400**	0.0%	1.9%
Infection	Cravit (oral antibacterial agent)	23,600	26,600	50,200	6.6%	21,900	**21,000**	-900	25,700	**26,000**	47,600	**47,000**	-11.0%	-6.4%
	Carbenin (antibiotic)	3,400	2,900	6,300	-19.2%	3,300	**2,700**	-600	3,100	**2,300**	6,400	**5,000**	-20.6%	-20.6%
	Banan (antibiotic)	2,000	2,400	4,400	-21.4%	2,100	**1,900**	-200	2,100	**2,400**	4,200	**4,300**	-5.0%	-2.3%
Cancer	Topotecin (anti cancer agent)	2,500	2,300	4,800	23.1%	2,650	**2,600**	-50	2,900	**2,600**	5,550	**5,200**	4.0%	8.3%
Immunity Allergic	Zyrtec (allergy drug)	5,600	7,000	12,600	10.5%	5,150	**5,100**	-50	6,100	**6,600**	11,250	**11,700**	-8.9%	-7.1%
Bone/Joint	Loxonin (non-steroidal analgesic and anti-inflammatory agent)	14,300	14,700	29,000	1.4%	14,100	**15,100**	1,000	14,400	**15,500**	28,500	**30,600**	5.6%	5.5%
	Mobic (antiflash agent)	5,400	5,200	10,600	24.7%	5,500	**5,400**	-100	5,600	**5,600**	11,100	**11,000**	0.0%	3.8%
	Miltax (anti-inflammatory analgesics)	3,100	2,900	6,000	1.7%	2,900	**2,900**	0	2,600	**2,600**	5,500	**5,500**	-6.5%	-8.3%
Others	Omnipaque (non-ionicity contrast agent)	18,000	16,700	34,700	1.5%	15,500	**16,400**	900	14,100	**14,200**	29,600	**30,600**	-8.9%	-11.8%
	Kremezin (treatment for chronic renal failure)	6,600	6,400	13,000	-4.4%	6,100	**6,000**	-100	6,300	**6,400**	12,400	**12,400**	-9.1%	-4.6%
	Zantac (peptic ulcer therapeutic substance)	3,900	3,500	7,400	-12.9%	3,400	**3,200**	-200	3,200	**2,900**	6,600	**6,100**	-17.9%	-17.6%
	Omniscan (contrast medium for MRI)	2,800	2,600	5,400	5.9%	2,600	**2,700**	100	2,500	**2,500**	5,100	**5,200**	-3.6%	-3.7%
	Evoxac (agent for the treatment of dry-mouth)	700	600	1,300	8.3%	700	**700**	0	750	**700**	1,450	**1,400**	0.0%	7.7%

Export sales of main products

million yen

	FY2005				FY2006							Change	
	1st half	2nd half	Full Year		1st half			2nd half		Full Year			
				Change	Issued in July	Actual		Issued in July	Revised Estimate	Issued in July	Revised Estimate	1st half	Full Year
Pravastatin (antihyperlipidemic agent)	38,600	25,900	64,500	-16.2%	12,000	**14,800**	2,800	9,000	**7,300**	21,000	**22,100**	-61.7%	-65.7%
Levofloxacin (oral antibacterial agent)	14,900	14,600	29,500	21.9%	15,500	**16,400**	900	15,300	**14,900**	30,800	**31,300**	10.1%	6.1%

Sales of main healthcare products

	FY2005				FY2006							Change	
	1st half	2nd half	Full Year		1st half			2nd half		Full Year			
				Change	Issued in July	Actual		Issued in July	Revised Estimate	Issued in July	Revised Estimate	1st half	Full Year
Total sales of the Healthcare Segment	14,700	13,100	27,900	-5.7%	26,000	**24,500**	-1,500	28,200	**25,200**	54,200	**49,700**	—	—
LuLu series	4,700	4,700	9,400	9.3%	5,100	**5,300**	200	5,100	**5,400**	10,200	**10,700**	12.9%	15.6%
Shin-sankyo Ichoyaku series	1,600	1,700	3,300	10.0%	1,500	**1,400**	-100	1,500	**1,500**	3,000	**2,900**	4.2%	1.5%
Karoyan series	1,100	1,000	2,100	-44.7%	1,200	**1,200**	0	1,200	**1,000**	2,400	**2,200**	3.1%	6.4%
Regain series	1,400	990	2,390	1.7%	1,500	**1,200**	-300	1,000	**900**	2,500	**2,100**	-21.4%	-12.1%
Patecs series	1,100	900	2,000	-4.8%	1,000	**1,100**	100	1,300	**1,100**	2,300	**2,200**	1.7%	11.5%
Lamisil AT	1,100	1,500	2,600	23.8%	1,400	**1,100**	-300	1,100	**—**	2,500	**—**	-7.1%	—
Gaster 10	—	—	—	—	2,000	**1,800**	-200	2,200	**2,200**	4,200	**4,000**	—	—
Precol	—	—	—	—	1,000	**1,000**	0	1,500	**1,400**	2,500	**2,400**	—	—
Cakonal	—	—	—	—	800	**800**	0	1,200	**1,300**	2,000	**2,100**	—	—
Makiron	—	—	—	—	1,200	**1,100**	-100	600	**600**	1,800	**1,700**	—	—

Sales of main ethical pharmaceuticals

million yen

		FY2005 1st half	FY2006 2nd half Actual	FY2006 2nd half change	Remarks
Cardiovascular	Mevalotin (antihyperlipidemic agent)	38,500	**34,800**	-3,700	Declined due to expanded market presence of generic drugs in addition to the effect of a drug price revision (impact -9.7%). In April, in order to promote generic products, the formulation specification was changed, which in turn made the market more competitive. Nevertheless, we have successfully developed a new patient flow as a result of a large clinical test, a so-called mega-study, on Japanese subjects.
	Panaldine (antiplatelet agent)	14,700	**13,200**	-1,500	Plavix, which is a standard anti-blood clot drug worldwide, was released in May. However, there are no significant year-on-year changes in the sales quantity due to continued marketing of the drug's safeness as well as increased use of stents.
	Artist (long-acting beta-blocker)	9,100	**9,600**	500	Holds the No. 1 share of the β blocking drug market. Aiming to expand the formulation in all the indications including chronic HF, HBP and angina. Sales rose over the previous year.
	Sunrythm (antiarrhythmic agent)	6,000	**5,900**	-100	Promotional activities are being developed with the aim of establishing this drug as the first choice for atrial fibrillation medication. The sales volume rose year on year.
	Acecol (antihypertensive)	4,800	**4,100**	-700	The ACE inhibitor market itself has shrunk by approximately 15% year on year in terms of sales proceeds.
	Olmetec (antihypertensive)	10,000	**19,400**	9,400	The ARB market has continued to expand since last year. Despite fierce market competition, the amount of prescriptions expanded as a result of strengthened promotion of the product's features.
	Coversyl (antihypertensive)	4,500	**3,500**	-1,000	The ACE inhibitor market itself has shrunk by approximately 15% year on year in terms of sales proceeds.
	Hanp (agent for the treatment of acute cardiac failure)	3,900	**4,200**	300	Holds the No. 1 market share in the segment of acute heart failure curative drugs. Aiming to expand the formulation to include cardiac surgery, anesthesiology as well as the circulatory organ medical domain. The sales volume rose year on year.
	Calblock (antihypertensive)	3,000	**4,100**	1,100	The market has gradually recoqnized that this product's cardioprotective action and renal protection effect are superior to those of competing products. The sales volume rose year on year.
	Livalo (antihyperlipidemic agent)	2,000	**2,400**	400	Established a position as statin with strong efficacy. Currently promoting the high safety appeal of the product.
Metabolic	Fastic (antidiabetic agent)	2,700	**2,700**	0	Remained strong although a competing product was launched in 2004. Released 90mg small tablets, which gained some popularity.
Infection	Cravit (oral antibacterial agent)	23,600	**21,000**	-2,600	The sales quantity declined slightly due to a small reduction in inventory in addition to the effect of a drug price revision by the government (impact -8％). The cephem and quinolone markets seem to be somewhat shrinking during 1H.
	Carbenin (antibiotic)	3,400	**2,700**	-700	
	Banan (antibiotic)	2,000	**1,900**	-100	
Cancer	Topotecin (anti cancer agent)	2,500	**2,600**	100	Increased the number of MRs in the cancer domain. Together with new clinical evidence, this caused the amount of prescriptions to increase, especially for cancer in the digestive system.
Immunity Allergic	Zyrtec (allergy drug)	5,600	**5,100**	-500	
Bone/Joint	Loxonin (non-steroidal analgesic and anti-inflammatory agent)	14,300	**15,100**	800	Sales of Loxonin Pap, which was released in May, have grown steadily. The number of prescriptions increased.
	Mobic (antiflash agent)	5,400	**5,400**	0	The oral antiphlogistic analgetic market shrunk slightly during April–September. Contributions made by chronic pain treatments helped us maintain market share.
	Miltax (anti-inflammatory analgesics)	3,100	**2,900**	-200	
Others	Omnipaque (non-ionicity contrast agent)	18,000	**16,400**	-1,600	Suffered from factors including a drug price revision, the Japanese government's package plan for healthcare reform, aggressive expansion of generic products and increased payment burden on patients. Although the market environment is challenging for original drugs, we intend to maintain the market share by preparing special-quantity packages to outperform generic drugs.
	Kremezin (treatment for chronic renal failure)	6,600	**6,000**	-600	A clinical study confirmed the drugs's usability for early-stage kidney disorder patients. The sales volume rose year on year.
	Zantac (peptic ulcer therapeutic substance)	3,900	**3,200**	-700	
	Omniscan (contrast medium for MRI)	2,800	**2,700**	-100	
	Evoxac (agent for the treatment of dry-mouth)	700	**700**	0	

Export sales of main products

million yen

	FY2005 1st half	FY2006 2nd half Actual	FY2006 2nd half change	Remarks
Pravastatin (antihyperlipidemic agent)	38,600	**14,800**	-23,800	Sales declined after the patent expiry in April 2006 in the U.S. In August, the patent expired in France, the largest shipment market in Europe.
Levofloxacin (oral antibacterial agent)	14,900	**16,400**	1,500	Steadily absorbed in the local market in the U.S. In the major European markets, prices declined due to government drug price revisions. However, sales rose again after appropriate countermeasures were taken.

Sales of main healthcare products

million yen

	FY2005 1st half	FY2006 2nd half Actual	FY2006 2nd half change	Remarks
Total sales of the Healthcare Segment	14,700	**24,500**	9,800	Zepharma's contribution is ¥10.1 billion. Overall sales of Daiichi Sankyo Healthcare and Zepharma declined on a year-on-year basis. However, after April retail sales have been recovering.
LuLu series	4,700	**5,300**	600	Shin Lulu A, the flagship product of the Lulu series, made a significant contribution to sales, as did the new product Lulu Attack IB.
Shin-sankyo Ichoyaku series	1,600	**1,400**	-200	
Karoyan series	1,100	**1,200**	100	The Karoyan gel lotion was launched in July 2006. It contributed to the total sales volume for this segment, which rose slightly year on year.
Regain series	1,400	**1,200**	-200	The competitive energy drink market remained sluggish and sales of low price drinks, which are exposed to fiercer competition, have slumped.
Patecs series	1,100	**1,100**	0	Maintained a sales volume almost equivalent to the one in the previous year due to contributions from large-volume products for loyal users.
Lamisil AT	1,100	**1,100**	0	Released a product with pink color packaging targeting female buyers. The top market share has grown even more as a result of an advertisement campaign, which focused on educating women about how to remedy athlete's foot .
Gaster 10	—	**1,800**	—	In May, this powder medicine was repackaged and/or the quantity changed. Through a campaign promoting correct usage of the product to customers, sales were maintained at the same level year on year.
Precol	—	**1,000**	—	Released the Precol capsule, the main product in this series, in June. Sales increased year on year following a promotional campaign which featured preventive measures for summer colds.
Cakonal	—	**800**	—	Sales were strongly supported by the promotional campaign for Cakonal, which featured summer cold prevention measures.
Makiron	—	**1,100**	—	

9.Sales of Overseas Subsidiaries

U.S. subsidiaries—sales of main products

million yen

	FY2005				FY2006							Change	
	1st half	2nd half	Full Year		1st half			2nd half		Full year			
				change	Issued in July	Actual	Difference from estimate	Issued in July	Revised Estimate	Issued in July	Revised Estimate	1st half	2nd half
DAIICHI SANKYO INC. (DSI)													
Benicar (antihypertensive)	22,800	27,500	50,300	66.0%	51,300	**53,300**	2,000	36,600	**36,100**	87,900	**89,400**	133.8%	77.7%
($ million)	(215)	(241)	(456)	(62.9%)	(446)	**(460)**	(14)	(319)	**(313)**	(765)	**(773)**	(114.0%)	(69.5%)
WelChol (antihyperlipidemic agent)	7,400	7,400	14,800	17.5%	12,300	**13,100**	800	8,400	**8,600**	20,700	**21,700**	77.0%	46.6%
($ million)	(69)	(65)	(134)	(15.5%)	(107)	**(113)**	(6)	(73)	**(75)**	(180)	**(188)**	(63.8%)	(40.3%)
Floxin Otic* (oral antibacterial agent)	4,500	3,600	8,100	6.6%	4,000	**4,500**	500	3,800	**3,300**	7,800	**7,800**	40.1%	26.5%
($ million)	(40)	(31)	(71)	(±0.0%)	(34)	**(39)**	(5)	(33)	**(28)**	(67)	**(67)**	(32.6%)	(24.1%)
Evoxac* (agent for the treatment of dry-mouth)	1,200	1,600	2,800	21.7%	1,300	**1,300**	0	1,400	**1,400**	2,700	**2,700**	34.2%	12.3%
($ million)	(10)	(15)	(25)	(13.6%)	(11)	**(11)**	(0)	(12)	**(12)**	(23)	**(23)**	(26.9%)	(9.5%)
Luitpold Pharmaceuticals, Inc. （LPI）													
Venofer (treatment for iron deficiency anemia)	10,300	12,300	22,600	16.5%	20,800	**20,600**	-200	8,200	**13,100**	29,000	**33,700**	100.0%	49.1%
($ million)	(97)	(108)	(205)	(13.9%)	(181)	**(178)**	(-3)	(70)	**(113)**	(251)	**(291)**	(83.5%)	(42.0%)

∗Changed to net sales in FY2006. The year-on-year change for FY06 has been calculated by converting the sales in the previous year (net sales) to net sales.

The above figures for Benicar, WelChol and Venofer are nine-month totals (January 2006–September 2006)
Reference: Three months sales, Benicar ¥15,600 million ($135 million); WelChol ¥3,900 million ($33 million); Venofer ¥6,800 million ($59 million)

European subsidiaries—sales of main products

million yen

	FY2005				FY2006							Change	
	1st half	2nd half	Full Year		1st half			2nd half		Full year			
				change	Issued in July	Actual	Difference from estimate	Issued in July	Revised Estimate	Issued in July	Revised Estimate	1st half	2nd half
DAIICHI SANKYO EUROPE GmbH（DSE）													
Olmetec (antihypertensive)	7,200	7,500	14,700	153.4%	9,500	**10,100**	600	11,100	**12,400**	20,600	**22,500**	40.3%	53.1%
(€ million)	(53)	(54)	(107)	(148.8%)	(70)	**(71)**	(1)	(82)	**(86)**	(152)	**(157)**	(34.0%)	(46.7%)
Mevalotin (antihyperlipidemic agent)	2,400	3,100	5,500	-47.1%	2,500	**3,300**	800	2,700	**2,500**	5,200	**5,800**	37.5%	5.5%
(€ million)	(18)	(22)	(40)	(-48.7%)	(18)	**(23)**	(5)	(22)	**(19)**	(40)	**(42)**	(27.8%)	(5.0%)

U.S. subsidiaries—sales of main products

million yen

		FY2005	FY2006		Remarks
		1st half	2nd half		
			Actual	change	
DAIICHI SANKYO INC. (DSI)					
	Benicar (antihypertensive)	22,800	**53,300**	30,500	Actual results for 9 months shown due to a change in the accounting term. Even without the effect of the accounting term change, significant growth was evidenced as a result of further integration and a strengthening of the sales force (an increase in the number of sales representatives) on top of market expansion (approximately +10%). Especially, sales of combination preparation grew strongly.
	($ million)	(215)	**(460)**	(245)	
	WelChol (antihyperlipidemic agent)	7,400	**13,100**	5,700	Actual results for 9 months shown due to a change in the accounting term. The market share has increased as a result of further integration and a strengthening of the sales force. Has started premarketing in consideration of a planned application for a new diabetes indication in 2006.
	($ million)	(69)	**(113)**	(44)	
	Floxin Otic* (oral antibacterial agent)	4,500	**4,500**	–	Has been steadily absorbed in the local market. More than 30% growth on a net sales basis as a result of further integration and a strengthening of the sales force.
	($ million)	(40)	**(39)**	–	
	Evoxac* (agent for the treatment of dry-mouth)	1,200	**1,300**	–	Has been steadily absorbed in the local market. Approximately 30% growth on a net sales basis as a result of further integration and a strengthening of the sales force.
	($ million)	(10)	**(11)**	–	
Luitpold Pharmaceuticals, Inc. （LPI）					
	Venofer (treatment for iron deficiency anemia)	10,300	**20,600**	10,300	Actual results for 9 months due to a change in the accounting term. The prices have been pressured due to impact from Medicare PartB. However, the market itself has expanded in terms of both amount and quantity. Under these circumstances, our market share has expanded due to the product's competitive edge.
	($ million)	(97)	**(178)**	(81)	

* Changed to net sales in FY2006. The year-on-year change for FY06 has been calculated by converting the sales in the previous year (net sales) to net sales.

The above figures for Benicar, WelChol and Venofer are nine-month totals (January 2006–September 2006)
Reference: Three months sales, Benicar ¥15,600 million ($135 million); WelChol ¥3,900 million ($33 million); Venofer ¥6,800 million ($59 million)

European subsidiaries—sales of mai

million yen

		FY2005	FY2006		Remarks
		1st half	2nd half		
			Actual	change	
DAIICHI SANKYO EUROPE GmbH（DSE）					
	Olmetec (antihypertensive)	7,200	**10,100**	2,900	Sales have increased due to the release of a new combination preparation in multiple countries. Although the market environment varies greatly from country to country, we aim at expanding our share in the major markets, such as Germany or the U.K.
	(€ million)	(53)	**(71)**	(18)	
	Mevalotin (antihyperlipidemic agent)	2,400	**3,300**	900	The patent expired in multiple countries. In certain countries, tablets were supplied to partners other than BMS after the patent expiry.
	(€ million)	(18)	**(23)**	(5)	

10.Description of Interim Consolidated Financial Statements

Consolidated Balance Sheets

Classification	FY2005 As of March 31, 2006 Amount (¥ million)		%	FY2006 As of September 30, 2006 Amount (¥ million)		%	YoY Changes	Details of the changes
（Assets）								
Ⅰ Current Assets								
1.Cash and time deposits		223,979			208,480		(15,499)	
2.Trade notes and accounts receivable		240,173			231,543		(8,630)	
3.Marketable securities		274,510			318,548		44,038	
4.Mortgage-backed securities		16,500			15,000		(1,500)	
5.Inventories		121,694			117,692		(4,002)	
6.Deferred tax assets		40,911			57,606		16,695	
7.Other current assets		41,313			26,729		(14,584)	
Allowance for doubtful accounts		△599			△682		(83)	
Total current assets		958,483	60.1		974,918	59.6	16,434	
Ⅱ Non-current Assets								
1.Property,plant and equipment:*1		289,712			275,419		(14,293)	*1 Property,plant and equipment -14,293
(1)Buildings and structures	164,047			156,568			(7,478)	Decrease due to the exclusion of subsidiaries from consolidation -13,000
(2)Machinery, equipments and vehicles	47,888			48,504			616	
(3)Land	48,892			44,459			(4,433)	
(4)Construction in progress	10,010			6,722			(3,288)	
(5)Other	18,874		18.1	19,164		16.9	289	
2.Intangible assets		36,166			68,358		32,191	
(1)Consolidation adjustments account	9,788			—			(9,788)	
(2)Goodwill*2	—			20,209			20,209	*2 Goodwill charges
(3)Other intangible assets	26,378		2.3	48,149		4.2	21,770	Goodwill charges (10-year amortization) associated with the Zepharma stock acquisition.
3.Investments and other assets		311,763			315,787		4,023	
(1)Investment securities*3	256,338			261,787			5,449	*3 Investment securities +5,449
(2)Long-term loans	6,154			5,748			(405)	
(3)Prepaid pension expenses	17,307			16,917			(390)	Increase in the funds available for investment in U.S. subsidiary LPI +3,500
(4)Deferred tax assets	7,403			9,428			2,025	
(5)Other assets	25,090			22,730			(2,359)	
Allowance for doubtful accounts	(529)		19.5	(825)		19.3	(295)	
Total non-current assets		637,643	39.9		659,565	40.4	21,921	
Total assets		1,596,126	100		1,634,483	100	38,356	

Classification	FY2005 As of March 31, 2006 Amount (¥ million)	%	FY2006 As of September 30, 2006 Amount (¥ million)	%	YoY Changes	Details of the changes
（Liabilities）						
Ⅰ Current liabilities						
1.Trade notes and accounts payable*4	65,596		56,408		(9,187)	*4 Trade notes and accounts payable -9,187
2.Short-term loans *5	13,547		5,616		(7,930)	Decrease due to the exclusion of subsidiaries from consolidation -5,700
3.Income tax payable	26,169		32,789		6,619	
4.Deferred tax liabilities	31		59		27	*5 Short-term loans -7,930
5.Allowances for sales returns	657		1,580		923	HokkaiSankyo loan repayment -2,500
6.Allowances for sales rebates	2,204		2,322		118	Decrease due to exclusion of subsidiaries from consolidation -3,800
7.Allowances for contingency losses	3,379		3,345		(34)	
8.Other current liabilities *6	125,246		141,078		15,832	*6 Other current liabilities +15,832
Total current liabilities	236,833	14.9	243,201	14.9	6,368	Increase in accrued expenses as well as accrued liabilities, which include a one-time payment related to the new partnership organized by the European subsidiary DSE +10,800
Ⅱ Non-current liabilities						
1.Long-term debt *7	3,374		1,701		(1,673)	
2.Deferred tax liabilities	23,926		26,570		2,643	
3.Accrued retirement and severance benefits *8	68,321		65,468		(2,853)	*7 Long-term debt -1,673
4.Accrued director's retirement and severance benefits	3,140		2,800		(339)	Decrease due to the exclusion of subsidiaries from consolidation
5.Accrued soil remediation costs	2,850		4,532		1,682	
6.Other non-current liabilities	8,540		6,168		(2,372)	*8 Accrued retirement and severance benefits -2,853
Total non-current liabilities	110,154	6.9	107,241	6.6	(2,912)	
Total liabilities	346,987	21.8	350,443	21.5		Decrease due to the exclusion of subsidiaries from consolidation -1,500
（Minority interests）						
Minority interests	11,609	0.7	—	—		
（Shareholders' equity）						
Ⅰ Common stock	50,000	3.1	—	—		
Ⅱ Additional paid-in-capital	179,858	11.3	—	—		
Ⅲ Retained earnings	936,513	58.7	—	—		
Ⅳ Net unrealized gain on investment securities	80,254	5	—	—		
Ⅴ Foreign currency translation adjustment	735	0	—	—		
Ⅵ Treasury stock at cost	(9,832)	(0.6)	—	—		
Total shareholders' equity	1,237,529	77.5	—	—		
Total liabilities, minority interests and shareholders' equity	1,596,126	100	—	—		
（Net assets）						
Ⅰ Shareholders' equity						
1.Common stock	—	—	50,000	3.1		
2. Additional paid-in-capital	—	—	179,859	11		
3.Retained earnings *9	—	—	981,690	60		*9 Retained earnings +45,177
4.Treasury stock at cost	—	—	(9,909)	(0.6)		
Total shareholders' equity	—	—	1,201,640	73.5		Current income +66,886 Appropriation of earnings -18,570
Ⅱ Valuation/translation gains (losses)						
1.Net unrealized gain on investment securities	—	—	76,455	4.7		
2.Foreign currency translation adjustment	—	—	2,337	0.1		
Total valuation/translation gains (losses)	—	—	78,792	4.8		
Ⅲ Minority interests	—	—	3,607	0.2		
Total net assets	—	—	1,284,040	78.5		
Total liabilities and net assets	—	—	1,634,483	100		

Consolidated Statements of Income

	FY2005 For the six-month period ended September 30,			FY2006 For the six-month period ended September 30, 2006			YoY Changes	Details of the changes
	Amount (¥ million)		%	Amount (¥ million)		%		
Ⅰ Net sales *1		451,808	100.0		485,842	100.0	34,033	*1 Sales ＋34,033
Ⅱ Cost of sales*2		141,296	31.3		138,022	28.4	(3,274)	・Changes in the accounting terms for U.S. subsidiaries (DSI, LPI) +31,500
Gross profit		310,512	68.7		347,820	71.6	37,307	・Three overseas subsidiaries excluding the above factor （DSI, LPI, DSE）+37,100
Ⅲ Selling, general and administrative expenses*3								・Sales increase due to consolidation of Zepharma +10,200
1.Advertisement and promotional expenses	34,596			51,840				・Exclusion from consolidation（Wakodo, Fuji Flour Milling, FP-Kako）-23,000
2.Salaries and bonuses	48,238			54,233				
3.Retirement and severance costs	3,618			3,704				【FYI】 Revenue of the patent fee ¥12,000 million
4.Reserch and development expenses	72,528			84,939				
5.Other	71,185	230,166	50.9	74,748	269,466	55.5	39,299	*2 Cost of sales -3,274
Operating Income		80,345	17.8		78,353	16.1	(1,991)	・Cost rate -2.9 points
Ⅳ Non-operating income*4								・Due to the accounting term change in U.S. subsidiary, the ratio of low cost products such as Olmetec® has been increased.
1.Interests income	1,357			3,967				・Non-recurring income in association with the release of Plavix as well as transfer gains on distributorship risen at DSE have been reported as (cost-free) sales.
2.Dividends income	1,300			2,631				
3.Derivative income	—			2,309				*3 Selling, general and administrative expenses +39,300
4.Other income	3,076	5,734	1.3	2,618	11,526	2.4	5,792	・Accounting term change for two US subsidiaries +17, 400
Ⅴ Non-operating expenses								・Exclusion of a subsidiary from consolidation -5,300
1.Interests expense	153			118				・Benicar®'s profit share has been increased at U.S. subsidiary DSI (sales promotional expenses reported),
2.Loss on disposal/valuation of inventories	541			200				・Increase due to consolidation of Zepharma.
3.Charitable contributions	514			406				・R&D cost +11,000 （Increase due to ongoing development project and higher adoption costs for the products such as diabetical medicine "AJD101" or anticancer drug of "TheraCIM".）
4.Provision for doubtful accounts	—			197				
5.Derivative losses	483			—				
6.Amortization of start-up costs	361			—				*4 Non-operating income +5,792
7.Equity in net losses of affiliated companies	242			—				・Accounting term change for two U.S. subsidiaries +1,500
8.Other expenses		3,436	0.8	747	1,671	0.3	(1,765)	・Gains on the fund management at U.S. subsidiaries +1,400
Ordinary income		82,642	18.3		88,208	18.2	5,566	・Increase in dividends received +1,300
Ⅵ Extraordinary gain *5								*5 Extraordinary profit +20,726
1.Gain on sales of property, plant and equipment	3,407			1,619				・Gains on disposal of stocks related to the exclusion of subsidiaries, such as Wakodo, from the Group.
2.Gain on adjustment of prior-year R&D expenses	—			20,550				
3.Gain on adjustment of prior-year R&D expense	—			1,608				
4.Gain on sales of investment securities	195			713				
5.Gain from the return of the substitutional portion of the employees' pension fund to the government	163	3,766	0.8	—	24,492	5.0	20,725	
Ⅶ Extraordinary loss *6								*6 Extraordinary loss -3,090
1.Loss on disposal of property, plant and equipment	2,320			1,605				・Temporary expense associated with business integration +7,000
2.Loss on business integration	790			7,812				・Temporary expense associated with restructuring of non-pharmaceuticals business segments +1,390
3.Restructuring charge	474			1,770				・(Previous term)Loss of impaired assets including unutilized assets such as the Onahama factory. -4,500
4.Provisions for soil remediation costs	—			1,685				・(Previous term)Provisions of contingent loss -2,200
5.Loss on impairment of property, plant and equipment	5,253			735				
6.Loss on valuation of investment securities	42			318				
7.Supplemental retirement benefit costs	114			287				
8.Provisions for contingent losses	2,240			13				
9.Loss on settlement of vitamin-related	—	11,236	2.5	—	14,327	3.0	3,090	
Net income before income taxes and minority interests		75,172	16.6		98,373	20.2	23,201	
Income tax expense -current*7	27,439			52,312				*7 Corporate tax rate -2.6 points
Income tax expense-deferred	(1,516)	25,923	6	(20,883)	31,428	6.4	5,504	・34.5%→31.9%
Minority interests in net income(losses) of Subsidiaries		(201)	0		58	0.0	259	・Decrease in the tax payment by using the amount of loss carried forward at U.S. and European subsidiaries.
Net income		49,450	10.9		66,886	13.8	17,436	

11.Financial Indicators

	FY2005				FY2006					
	1st half		Full year		1st half			Full year		
							Issued in May			Issued in May
Capital expenditure	17,800	million yen	30,100	million yen	**13,500**	million yen	13,650	**30,600**	million yen	27,300
Depreciation expense	19,500	million yen	44,400	million yen	**19,000**	million yen	17,800	**40,000**	million yen	35,200
Dividend on equity ratio(DOE)	1.5	%	2.9	%	**1.7**	%		**3.5**	%	3.5%
Dividend payout ratio	34.7	%	40.5	%	**32.7**	%		**69.4**	%	93.1%
Return on equity(ROE)	4.2	%	7.3	%	**5.3**	%		**5.1**	%	3.8%
Earnings per share(EPS)	67.5	yen	119.4	yen	**91.7**	yen		**86.4**	yen	64.5 yen
Dividend per share	25.0	yen	25.0	yen	**30.0**	yen				
Book value per share(BPS)	1,610.6	yen	1,696.9	yen	**1,756.3**	yen				
Shareholder's equity ratio	77.3	%	77.5	%	**78.3**	%				
Total number of common shares	729,089,904		729,052,296		**729,027,291**					
Share price at end of period	2,325	yen	2,685	yen	**3,350**	yen				
Number of consolidated subsidiaries	61		57		**54**					
Number of employees	18,648		18,434		**18,409**					

12.Number of shares held and shareholders by category

	As of September 30, 2005			As of March 31,2006			As of September 30, 2006		
	Number of Shareholders	Number of shares (million)	%	Number of Shareholders	Number of shares (million)	%	Number of Shareholders	Number of shares (million)	%
Government and Public	1	0	0.0%	1	0	0.0%	**1**	**0**	**0.0%**
Financial institutions	178	314	42.9%	185	340	46.5%	**178**	**341**	**46.5%**
Securities Companies	45	27	3.7%	44	7	1.0%	**40**	**10**	**1.4%**
Corporate investors	672	49	6.7%	635	49	6.7%	**593**	**48**	**6.6%**
Foreign investors	603	240	32.8%	569	236	32.3%	**600**	**241**	**33.0%**
Individuals	53,479	101	13.9%	55,244	99	13.6%	**49,077**	**91**	**12.5%**
Treasury stock	0	0	0.0%	1	0	0.0%	**1**	**0**	**0.0%**
Total	54,978	733	100.0%	56,679	733	100.0%	**50,490**	**733**	**100.0%**

13. Status of Research & Development

Daiichi Sankyo Group Research & Development Pipeline (Development Stage)

Therapeutic Area	Main Existing Product	Phase1 preparation, preclinical	Phase1
Cardiovascular diseases	Pravachol / Mevalotin Benicar / Olmetec Welchol MEVALOTIN Panaldine OLMETEC Artist Sunrythm ACECOL HANP Coversyl LIVALO CALBLOCK	HGF DNA therapy(JP) (coronary arterial diseases)	CS-747(JP) (anti-platelet agent) DZ-697b(US/EU/JP) (anti-platelet agent) HGF DNA therapy(US/EU) (coronary arterial diseases) ~~CS-3030(US/EU)~~ ~~(oral factor Xa inhibitor)~~
Glucose metabolic disorders	FASTIC	CS-011(JP) (antidiabetic/glitazone type) AJD101(JP) (activation of the insulin signaling pathway)	SUN E7001(JP) (GLP-1) AJD101(US/EU) (activation of the insulin signaling pathway)
Infectious diseases	LEVAQUIN / Tavanic FLOXIN Otic BANAN Cravit CARBENIN BANAN	DC-159a(JP) (new quinolone) CS-8958(JP) (anti-influenza)	DC-159a(US/EU) (new quinolone) DX-619(US/EU) (new quinolone) DX-619(JP) (new quinolone) CS-758(US/EU) (azole antifungal) CS-8958(US/EU) (anti-influenza)
Cancer	camptoser Topotecin KRESTIN	DE-766(JP) (nimotuzumab/anti-EGFR antibody)	~~DJ-927(JP)~~ ~~(anti-cancer/oral taxane deriv.)~~ CS-7017(US/EU) (PPARγ activator) CS-1008(US/EU) (anti-DR5 antibody)
Immunological allergic diseases	Zyrtec	~~DW-908e(JP)~~ ~~(VLA-4 inhibitor)~~	~~DW-908e(US/EU)~~ ~~(VLA-4 inhibitor)~~ CS-0777(US/EU) (immunomodulator)
Bone/Joint diseases	LOXONIN Mobic Miltax	OCIF(US/EU) (osteoporosis)	
Others	Venofer Evoxac Omnipaque KREMEZIN ZANTAC Omniscan FERON Evoxac URIEF	SUN N8075(JP) (acute ischemic stroke) CS-011(JP) (dry eye/licensed-out to Santen)	SUN N8075(US/EU) (acute ischemic stroke)

☆additional indications, new formulations etc.

Change from the announcement in the financial results of July 2006

New(underline) : AJD101(US/EU/JP), DE-766(JP), DL-404(JP)

Change of Stage : DD-723(JP), DU-6859a oral(JP), CS-1401E(JP), CS-600G(JP), SUN11031(US/EU/JP), DC-159a(US/EU),

Withdrawal of Development etc. : DJ-927(US/EU/JP)[As a result of having evaluated a early Phase2 study (the US and EU), this project and excluded it from top priority projects.

: DW-908e(US/EU/JP)[Daiichi Sankyo Group suspended clinical trials because a cancellation of

: CS-3030(US/EU)[Daiichi Sankyo Group withdrew from this project based on strategy of products'

: SUN E3001(JP)[Already confirmed efficacy and safety in early Phase 2 study conducted by Chugai due to Chugai's comprehensive review of their current development pipeline.

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Phase2	Phase3	Application/Approval, Launch
DU-176b(US/EU/JP)(oral factor Xa inhibitor) HGF DNA therapy(US/EU) (peripheral arterial diseases) CS-9803(US/EU)(delta PKC inhibitor) SUN 4936h(US/EU)(acute heart failure/ licensed-out to Astellas Pharma US) ☆CS-866RN(JP)(chronic glomerulonephritis) ☆CS-866CMB(JP) (Olmesartan/Hydrochlorotiazide combination)	CS-747(US/EU) (anti-platelet agent) ☆CS-8663(US/EU) (Olmesartan/Amlodipine combination) HGF DNA therapy(JP) (peripheral arterial diseases) ☆CS-866DM(JP) (diabetic nephropathy) ☆CS-866AZ(JP) (Olmesartan/Azelnidipine combination)	
CS-011(US/EU) (antidiabetic/glitazone type) CS-917(US/EU) (gluconeogenesis inhibitor)	☆WelChol DM(US) (antidiabetic)	
DU-6859a inj(US) (new quinolone) CS-023(US/EU) (carbapenem-type antibiotic/ licensed-out to Roche) CS-023(JP) (carbapenem-type antibiotic)		SUN A0026(North America) (penem-type antibiotic/ licensed-out to Replidyne/ application) DF-098(JP) (Hib vaccine/application) DU-6859a oral(JP) (new quinolone/application)
~~DJ-927(US/EU)~~ ~~(anti-cancer/oral taxane deriv.)~~		
CS-712(JP) (cedar pollen pollinosis)		
CS-706(US/EU) (COX-2 inhibitor) SUN E3001(JP) (osteoporosis/~~licensed-out to Chugai~~)	☆CS-600G(JP) (loxoprofen gel/~~P3 preparation~~)	
SUN N4057(US/EU) (acute ischemic stroke) CS-088(US/EU/JP) (antiglaucoma/co-development with Santen) KMD-3213(China) (treatmant of dysuria associated with benign prostatic hyperplasia) SUN11031(JP) (anorexia nervosa) SUN11031(US/EU) (cachexia)	SUN0588r(US) (hyperphenylalaninemia/ licensed-out to Biomarin) SUN Y7017(JP) (mild to moderate and severe dementia of Alzheimer type) ☆DL-8234(JP) (FERON add indic./ hepatitis C/with Ribavirin)	DD-723(JP) (ultrasound contrast media/approval) ☆CS-1401E(JP) (pain relief during anesthesia/ application) DL-404(JP) (Intrathecal Gabalon/ add indic./application)

DX-619(JP)
Daiichi Sankyo Group judged to be difficult to show clearer utility than existing chemotherapeutic agents, and the company withdrew from

clinical hold was undecided in the US.
portfolio.
,licensee of the drug. However, terminated co-development agreement between Daiichi Asubio Pharma and Chugai,

Daiichi-Sankyo Group Research & Development Pipeline (1)

Therapeutic Area	Development Code Number	Generic Name	Dosage Form/Route	Indication/Class	Origin
Cardiovascular diseases	CS-747	Prasugrel	Oral	Acute coronary syndrome / Anti-platelet agent	Sankyo, Ube Industries
	—	Hepatocyte growth factor DNA plasmid	Injection	Peripheral arterial diseases, Coronary arterial diseases / Vascular regeneration therapy by HGF-DNA	AnGes MG (Sales agreement)
	DU-176b	—	Oral	Atrial fibrillation, Venous thromboembolism / Oral factor Xa inhibitor	Daiichi
	CS-9803	—	Injection	Acute myocardial infarction / Delta PKC inhibitor	KAI pharmaceuticals
	☆CS-8663	Olmesartan medoxomil, Amlodipine besilate	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Calcium blocker	Sankyo
	☆CS-866DM	Olmesartan medoxomil	Oral	Diabetic nephropathy / Angiotensin Ⅱ receptor antagonist	Sankyo
	☆CS-866RN	Olmesartan medoxomil	Oral	Chronic glomerulonephritis / Angiotensin Ⅱ receptor antagonist	Sankyo
	☆CS-866AZ	Olmesartan medoxomil, Azelnidipine	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Calcium blocker	Sankyo
	☆CS-866CMB	Olmesartan medoxomil, Hydrochlorothiazide	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Diuretic	Sankyo
	SUN 4936h	Carperitide (Recombinant)	Injection	Acute heart failure / α-human atrial natriuretic peptide	Daiichi Asubio
Glucose metabolic disorders	CS-011	Rivoglitazone	Oral	Diabetes / Glitazone agent that improves insulin resistance	Sankyo
	CS-917	—	Oral	Diabetes / Gluconeogenesis inhibitor	Sankyo, Metabasis
	☆WelChol DM	Colesevelam hydrochloride	Oral	Diabetes	Genzyme

☆additional indications, new formulations etc.

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Region	Developer (In-house/ Co-development)	Stage	Comments
US/EU	Co-development (Eli Lilly)	P－Ⅲ	・In nonclinical trials, this antithrombotic drug exhibited stronger activity in inhibiting platelet aggregation and faster manifestation of activity compared to other drugs. ・In clinical trials, it was confirmed that there were few differences among individuals in the inhibition of platelet aggregation. ・Co-development with Eli Lilly in the US and Europe
Japan	In-house	P－Ⅰ	
US/EU	AnGes MG	P－Ⅱ (PAD)	Intramuscular injection of HGF-DNA in the diseased area generates hepatocyte growth hormone, which induces regeneration of blood vessels in patients with peripheral arterial diseases (PAD), e.g. arteriosclerotic obliteration, Buerger's disease, or coronary arterial diseases (CAD), e.g. cardiac infarction and angina pectoris. Daiichi obtained exclusive marketing rights in Japan, the US and Europe, and will fully support development by AnGes MG and will contribute to the international development of regenerative medicine.
		P－Ⅰ (CAD)	
Japan		P－Ⅲ (PAD)	
		P－Ⅰ Preparation (CAD)	
US/EU	In-house	P－Ⅱ	・An anticoagulant possessing anti-Xa activity, with confirmed high oral absorption within human trials.
Japan	In-house	P－Ⅱ	
US/EU	Co-development (KAI pharmaceuticals)	P－Ⅰ/Ⅱ	Delta PKC inhibitor is expected to be a first in class agent for reduction of reperfusion injury in acute myocardial infarction patients undergoing revascularization procedures.
US/EU	In-house	P－Ⅲ	Olmesartan/Ca channel blocker (Amlodipine) combination
Japan	In-house	P－Ⅲ	・ORIENT trials are underway ・Additional indication
Japan	In-house	P－Ⅱ	Additional indication
Japan	In-house	P－Ⅱ	Olmesartan/Ca channel blocker (Azelnidipine) combination
Japan	In-house	P－Ⅱ	・Launch : USA 03/09, EU 05/06 ・Olmesartan/diuretic (Hydrochlorothiazide) combination
US/EU	Astellas Pharma US	P－Ⅱ	・Carperitide is an α-human atrial natriuretic peptide which has both vasodilating and diuretic activity. Since approval of HANP(Brand Name) in 1995 in Japan, its sales have been steadily growing and is now playing a central role in the treatment of acute heart failure. ・Licensed-out to Astellas Pharma US in the US and Europe
US/EU	In-house	P－Ⅱ	・A new glitazone type antidiabetic drug which exhibits strong PPARγ activity. ・In clinical trial, dose-dependent efficacy on plasma glucose and lipid parameters superior to other agents were demonstrated.
Japan	In-house	P－Ⅰ Preparation	
US/EU	In-house	P－Ⅱ	・An antidiabetic drug which blocks fructose-1,6-bisphosphatase which is an enzyme which governs gluconeogenesis in the liver.
US	In-house	P－Ⅲ	・Additional indication ・This drug is anticipated to be a supplement to diet and exercise therapy for type-2 diabetes patients where ordinary treatment is found to be ineffective. ・In clinical trial, HbA1c level decrease was confirmed in diabetic patients on insulin.

【project after Phase Ⅱ】

Daiichi-Sankyo Group Research & Development Pipeline (2)

Therapeutic Area	Development Code Number	Generic Name	Dosage Form/Route	Indication/Class	Origin
Infectious diseases	DF-098	*Haemophilus influenzae* type b conjugate vaccine	Injection	Prevention of *Haemophilus influenzae* type b invasive infections	Sanofi Pasteur (Sales agreement with joint venture)
	DU-6859a	Sitafloxacin hydrate	Injection Oral	New quinolone	Daiichi
	CS-023	—	Injection	Antibiotic (Carbapenem type)	Sankyo
	SUN A0026	Faropenem medoxomil	Oral	Antibiotic (Penem type)	Daiichi Asubio
Immunological allergic diseases	CS-712	—	Oral	Cedar pollen pollinosis / Oral immune desensitization	Sankyo
Bone/Joint diseases	CS-706	—	Oral	Anti-inflammatory and analgesic	Sankyo
	☆CS-600G	Loxoprofen sodium	Gel	Anti-inflammatory and analgesic	Sankyo
	SUN E3001	(Trivial Name) Human parathyroid hormone [hPTH]	Nasal Spray (Liquid type)	Osteoporosis	Daiichi Asubio
Others	DD-723	—	Injection	Ultrasound contrast media	GE Healthcare
	SUN Y7017	Memantine hydrochloride	Oral	Dementia of Alzheimer type / NMDA receptor antagonist	Merz
	SUN N4057	—	Injection	Acute Ischemic Stroke / Serotonin (5-HT) 1A receptor agonist	Daiichi Asubio
	KMD-3213	Silodosin	Oral	Treatment of dysuria associated with benign prostatic hyperplasia / Selective alpha 1A blocker	Kissei
	SUN11031	(Trivial Name) human ghrelin	Injection	Cachexia Anorexia Nervosa	Daiichi Asubio
	CS-088	Olmesartan	Eyedrops	Glaucoma / Angiotensin Ⅱ receptor antagonist	Sankyo
	☆DL-8234	Interferon-β	Injection	Hepatitis C (with Ribavirin)	Toray
	☆CS-1401E	Fentanyl citrate	Injection	Pain relief during anesthesia	Janssen
	SUN0588r	Sapropterin hydrochloride (Tetrahydrobiopterin)	Oral	Hyperphenylalaninemia	Daiichi Asubio

☆additional indications, new formulations etc.

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Region	Developer (In-house/ Co-development)	Stage	Comments
Japan	Sanofi Pasteur – Daiichi Vaccines	Application (03.3)	*Haemophilus influenzae* type b conjugate vaccine useful for the prevention of bacterial meningitis in children. Introduced from Sanofi Pasteur and developed and filed for approval by joint venture Sanofi Pasteur-Daiichi Vaccines.
US	In-house	P－Ⅱ	・A next-generation new quinolone agent with broad-spectrum and potent antibacterial activity, expected to be also effective for severe infections. ・In Japan, clinical trials are underway for the development of an oral formulation to treat respiratory tract infection and urinary tract infection. ・In the US, clinical trials are underway for the development of an injectable formulation to treat severe infectious diseases.
Japan	In-house	Application (06.9)	
US/EU	Roche	P－Ⅱ	・A carbapenem antibiotic possessing strong activity and a broad antibacterial spectrum targeting various pathogenic bacteria including drug resistant bacterium. ・Licensed-out to Roche in the US and Eupore
Japan	In-house	P－Ⅱ	
North America	Replidyne	Application (05.12)	・Faropenem medoxomil is a prodrug of Faropenem sodium, the first oral penem-type antibiotic launched in 1997 in Japan. It is orally active and well absorbed through the gastro-intestinal tract, and rapidly converted to Faropenem. It is effective against various pathogenic bacteria, including the problematic antibiotic-resistant bacteria, PRSP (penicillin-resistant *Streptococcus pneumoniae*). ・Licensed-out to Replidyne in North America, and Replidyne and Forest entered into an agreement for the commercialization. ・Replidyne submitted the NDA to the FDA in December 2005 for four adult indications. Replidyne received a non-approvable letter in October 2006 and will discuss with FDA the further development plan.
Japan	Sankyo	P－Ⅱ	Technical collaboration with Hayashibara Biochemical Laboratories
US/EU	In-house	P－Ⅱ	・COX-2 inhibitor ・The results of PK/PD trial suggested administration once per day.
Japan	In-house	P－Ⅲ	・Loxoprofen gel ・Formulation by TOKO YAKUHIN KOGYO
Japan	In-house	P－Ⅱ	・PTH is a novel anti-osteoporosis drug that stimulates bone formation, in contrast to major current drugs on the market which possess anti-bone resorption activity. The self-injection type of hPTH(1-34) is marketed in the US and EU. ・Licensed-out to Chugai in Japan ・The efficacy and safety of SUN E3001 have been confirmed in early phase 2 study conducted by Chugai, licensee of the drug. However, Chugai decided to return the development and marketing rights to Daiichi Asubio Pharma, due to their comprehensive review of their current development pipeline. Accordingly, the co-development agreement for the drug between Daiichi Asubio Pharma and Chugai was terminated in September, 2006.
Japan	In-house	Approval (06.10)	・An ultrasound contrast medium for diagnosis of the liver. ・Intravenous administration of the medium enables detection of liver tumors at bedside.
Japan	In-house	(Mild to moderate) P－Ⅲ	Memantine, categorized as an antagonist of the NMDA receptor which is one of the Glutamate receptor subtypes in the central nervous system in mammals, possesses therapeutic action for dementia of Alzheimer type. The drug is expected to demonstrate effectivity in slowing down the progression of the disease by it's neuroprotective action, which is distinct from cholinesterase inhibitors. The phase3 trial for moderately severe to severe dementia of Alzheimer type and for mild to moderate dementia of Alzheimer type is on-going.
		(Moderately severe to severe) P－Ⅲ	
US/EU	In-house	P－Ⅱ	SUN N4057 is a neuroprotective agent that increases cerebral inhibitory neurotransmission via activation of serotonin (5-HT) 1A receptors. SUN N4057 can inhibit ischemic neuronal death and is expected to minimize infarction size during the acute stage and improve prognosis in acute stroke patients.
China	In-house	P－Ⅱ	・An alpha1A blocker which effectively reduces urinary tract resistance and improves dysuria associated with benign prostatic hyperplasia. ・Reduces cardiovascular side effects due to its alpha1A selectivity.
US/EU	In-house	P－Ⅱ	Ghrelin is an endogenous peptide known as one-and-only peripheral appetite stimulator among all hormones discovered the relationship with feeding behavior up to now. In addition to it, ghrelin is a potent stimulator of growth hormone release. Daiichi Asubio has been conducting the research and development of ghrelin as a therapeutic agent for cachexia in various diseases and for anorexia nervosa.
Japan		P－Ⅱ	
US/EU	Co-development (Santen)	P－Ⅱ	Co-development with Santen in Japan, the US and Europe
Japan		P－Ⅱ	
Japan	Co-development (Toray)	P－Ⅲ	・A natural interferon-beta preparation with reduced adverse reactions, such as depression and alopecia, in comparison with interferon-alpha. ・The agent is undergoing clinical trial as an additional indication for targeting hepatitis C with ribavirin.
Japan	–	Application (06.9)	・Doctor-initiated investigation. ・Expanded adaptation of the opioid analgesic fentanyl citrate (Brand Name:Fentanest) toward infants (directions for use and dosage).
US/EU	BioMarin	P－Ⅲ	・Biopten was approved in Japan as an etiologic therapeutic agent to treat atypical hyperphenylalaninemia (an inherited metabolic disease caused by BH4 deficiency) in 1992. Recent clinical investigations indicated that a subgroup of hyperphenylalaninemia, caused by phenylalaninehydroxylase(PAH) deficiency, responded to BH4. ・Licensed-out to BioMarin outside Japan

【project after Phase Ⅱ】

Numerical values for future projections in this material are derived from our judgments and assumptions based on the currently available information and they include risks and uncertainty. For this reason, the actual results may differ from the projected numerical values.