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Reference Data

（Consolidated Financial Results for FY2006）

Daiichi-Sankyo

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

MEMO

Daiichi-Sankyo

Contents

Daiichi-Sankyo

1. Summary of Financial Statement

(Billions of yen)

	FY2005 Actual		FY2006 Actual						FY2007 Estimate		
	1st half	Full year	1st half	2nd half	Full year	From May Estimate	From Jan. Estimate	Pharmaceuticals business ①*	1st half	Full year ②	Change ②-①
Change	<0.6>	<1.0>	<7.5>	<-6.4>	<0.4>				<-14.4>	<-10.0>	<1.4>
Net sales	451.8	925.9	485.8	443.7	929.5	64.5	4.5	825.3	416.0	837.0	11.7
Cost of sales	141.3	290.7	138.0	127.2	265.2	31.0	2.7	195.4	100.0	200.5	5.1
Cost of sales ratio	31.3%	31.4%	28.4%	28.7%	28.5%			23.7%	24.0%	24.0%	
Selling, general and administrative expenses	230.2	480.5	269.5	258.5	528.0	5.2	3.5	500.8	241.0	479.5	-21.3
SG&A ratio	50.9%	51.9%	55.5%	58.3%	56.8%			60.7%	57.9%	57.3%	
Research and development expenses	72.5	158.7	84.9	85.7	170.7	3.7	1.7	165.1	82.0	161.5	-3.6
R&D ratio	16.1%	17.1%	17.5%	19.3%	18.4%			20.0%	19.7%	19.3%	
Change	<8.3>	<9.7>	<-2.5>	<-22.1>	<-11.9>				<-4.3>	<15.2>	<21.6>
Operating income	80.3	154.7	78.4	58.0	136.3	28.3	-1.7	129.1	75.0	157.0	27.9
/ Net sales	17.8%	16.7%	16.1%	13.1%	14.7%			15.6%	18.0%	18.8%	
Change	<8.4>	<14.2>	<6.7>	<-17.1>	<-4.8>				<-9.3>	<8.5>	<13.8>
Ordinary income	82.6	159.7	88.2	63.9	152.1	37.1	0.1	145.0	80.0	165.0	20.0
/ Net sales	18.3%	17.2%	18.2%	14.4%	16.4%			17.6%	19.2%	19.7%	
Change	<1.5>	<2.6>	<35.3>	<-69.5>	<-10.4>				<-34.2>	<17.1>	<22.8>
Net income	49.5	87.7	66.9	11.7	78.5	31.5	7.5	74.9	44.0	92.0	17.1
/ Net sales	10.9%	9.5%	13.8%	2.6%	8.5%			9.1%	10.6%	11.0%	

* In order to make comparison with the existing businesses in FY2007 easier, "Pharmaceuticals business" does not include certain figures from the non-pharmaceuticals operations. Thus, it does not meet the figures in the Consolidated Segment information - Business section.

【Notes-FY2006】

· The accounting period of Daiichi Sankyo INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are U.S. subsidiaries of the DAIICHI SANKYO Group, was 15 months from January 2006 to March 2007, following a change in these companies' fiscal year-end from December to March.
The aggregate operating results of these subsidiaries for the period from January to March 2006 were net sales of ¥31.5 billion, operating income of ¥9.0 billion, ordinary income of ¥10.5 billion and net income of ¥5.8 billion.
· DAIICHI SANKYO Group has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical
business. During FY2006, the Company completed various movements which made subsidiaries such as Wakodo Co., Ltd., Fuji Flour Milling Co., Ltd., Daiichi Pure Chemicals Co., Ltd., Daiichi Radioisotope Laboratories, Ltd., Sankyo Agro Co., Ltd., Meguro Chemical Industry Co., Ltd., Sankyo Yell Yakuhin Co., Ltd.,

【Notes-FY2007 Estimate】

· The accounting period of Daiichi Sankyo Europe GmbH. (DSE), which is an European subsidiary of the DAIICHI SANKYO Group, will be 15 months from January 2007 to March 2008, following a change in its fiscal year-end from December to March. The estimated net sales of DSE for the period from January to March 2007 is ¥12.0 billion. The impact on consolidated profits for the same period is immaterial.

2. Exchange rate

	FY2005 Actual		FY2006 Actual				FY2007 Estimate	
	1st half	Full year	1st half	2nd half	Full year	May Estimate	1st half	Full year
Yen／USD (Average)	—	—	115.9	—	117.0	115	115	115
Yen／EUR (Average)	—	—	142.2	—	146.1	135	140	140

【Estimated impact of change in exchange rate for FY2007】

A one yen per US dollars change in exchange rate has an impact of approximately ¥1.8 billion and ¥0.3 billion on annual net sales and operating income, respectively.
A one yen per euro change in exchange rate has an impact of approximately ¥0.5 billion on annual net sales.

3. Consolidated sales of Global Products

(Billions of yen)

	FY2005 Actual		FY2006 Actual						FY2007 Estimate		
	1st half	Full Year	1st half	2nd half	Full Year	From May Estimate	From Jan. Estimate	Change	1st half	Full Year	Change
Olmesartan 【antihypertensive】	41.1	92.4	**84.0**	**76.3**	**160.3**	**15.0**	**-1.0**	**73.5%**	**95.5**	**195.0**	**21.6%**
Japan：Olmetec	10.0	25.6	**19.4**	**22.8**	**42.2**	**6.8**	**-1.4**	**64.9%**	**28.5**	**63.0**	**49.2%**
U.S.A: Benicar / Benicar HCT*	22.8	50.3	**53.3**	**39.5**	**92.8**	**5.8**	**0.2**	**84.4%**	**44.0**	**87.0**	**-6.2%**
Europe: Olmetec / Olmetec Plus**	7.2	14.7	**10.1**	**12.4**	**22.5**	**1.9**	**0.0**	**53.2%**	**20.5**	**37.0**	**64.3%**
Others	1.1	1.8	**1.2**	**1.6**	**2.8**	**0.5**	**0.2**	**56.2%**	**2.5**	**8.0**	**184.5%**
Levofloxacin*** 【antibacterial agent】	48.5	101.5	**48.8**	**55.3**	**104.1**	**3.3**	**0.4**	**2.6%**	**51.0**	**108.0**	**3.7%**
Japan：Cravit	23.5	50.2	**21.0**	**25.7**	**46.7**	**-0.9**	**-1.0**	**-6.9%**	**23.0**	**52.0**	**11.3%**
Others	17.3	34.7	**19.3**	**19.1**	**38.4**	**3.2**	**0.6**	**10.6%**	**19.5**	**37.5**	**-2.4%**
Royalty	7.7	16.6	**8.5**	**10.5**	**19.0**	**1.0**	**0.8**	**14.4%**	**8.5**	**18.5**	**-2.5%**
Pravastatin 【antihyperlipidemic agent】	79.2	143.2	**52.0**	**41.5**	**93.5**	**1.5**	**1.0**	**-34.7%**	**40.5**	**78.0**	**-16.6%**
Japan: Mevalotin	38.5	75.2	**34.8**	**33.0**	**67.8**	**-0.4**	**0.6**	**-9.9%**	**33.0**	**65.0**	**-4.1%**
Europe**	2.4	5.5	**3.3**	**2.7**	**6.0**	**0.8**	**0.2**	**9.1%**	**3.7**	**6.0**	**0.0%**
Others	38.3	62.5	**13.9**	**5.9**	**19.8**	**1.2**	**0.3**	**-68.4%**	**3.8**	**7.0**	**-64.6%**

* FY2006 actual for Benicar / Benicar HCT are fifteen-months totals. (January 2006–March 2007)
Three-months actual (January 2006 - March 2006) are ¥15.6 billion.

** FY2007 estimates of Olmetec / Olmetec Plus and Pravastatin are fifteen-months totals. (January 2007–March 2008)
Three-months estimates (January 2007 - March 2007) are ¥6.0 billion, and ¥1.5 billion, respectively.

*** Changed to consolidated sales adding sales of Asian subsidiaries in FY2007. (sales in the previous years has been also converted to consolidated sales)

4. Overseas sales

(Billions of yen)

	FY2005 Actual		FY2006 Actual				FY2007 Estimate		
	1st half	Full Year	1st half	2nd half	Full Year	Change	1st half	Full Year	Change
North America	94.0	182.6	**135.0**	**106.9**	**241.9**	**32.4%**	**99.0**	**204.0**	**-26.6%**
Europe	45.4	98.4	**44.6**	**39.7**	**84.3**	**-14.3%**	**53.0**	**90.0**	**6.7%**
Others*	14.2	26.2	**15.1**	**15.4**	**30.5**	**16.5%**	**13.0**	**26.0**	**-14.8%**
Overseas sales	153.6	307.3	**194.6**	**162.1**	**356.7**	**16.1%**	**165.0**	**320.0**	**-10.3%**
/ Net sales	34.0%	33.2%	**40.1%**	**35.9%**	**38.4%**		**39.7%**	**38.2%**	

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

The accounting period of Daiichi Sankyo INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are U.S. subsidiaries of the DAIICHI SANKYO Group, was 15 months from January 2006 to March 2007, following a change in these companies' fiscal year-end from December to March. The aggregate net sales of these subsidiaries for the period from January to March 2006 were ¥31.5 billion.
The accounting period of Daiichi Sankyo Europe GmbH. (DSE), which is an European subsidiary of the DAIICHI SANKYO Group, will be 15 months from January 2007 to March 2008, following a change in its fiscal year-end from December to March. The estimated net sales of DSE for the period from January to March 2007 is ¥12.0 billion.

5.Consolidated Segment information - Business

(Billions of yen)

		FY2005 Actual			FY2006 Actual		
		1st half	2nd half	Full year	1st half	2nd half	Full year
Domestic		208.3	223.1	431.4	**215.2**	**218.2**	**433.4**
Overseas		145.3	144.3	289.5	**185.2**	**152.9**	**338.1**
OTC drugs		14.8	13.1	27.9	**24.6**	**23.3**	**47.9**
Pharmaceuticals		385.4	399.3	784.7	**441.4**	**395.7**	**837.1**
Other		66.4	74.9	141.3	**44.4**	**47.9**	**92.4**
Consolidated Sales		451.8	474.1	925.9	**485.8**	**443.7**	**929.5**
Pharmaceuticals		77.7	70.5	148.1	**75.9**	**55.5**	**131.4**
Other		2.3	3.8	6.1	**2.3**	**2.1**	**4.4**
Consolidated Operating income		80.3	74.4	154.7	**78.4**	**58.0**	**136.3**

The accounting period of Daiichi Sankyo INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are U.S. subsidiaries of the DAIICHI SANKYO Group, was 15 months from January 2006 to March 2007, following a change in these companies' fiscal year-end from December to March. The aggregate operating results of these subsidiaries for the period from January to March 2006 were net sales of ¥31.5 billion and operating income of ¥9.0 billion.

6.Consolidated Segment information - Area

(Billions of yen)

	FY2005 Actual						FY2006 Actual					
	1st half		2nd half		Full year		1st half		2nd half		Full year	
		%		%		%		%		%		%
Japan	371.2	82.2%	381.6	80.5%	752.8	81.3%	**342.0**	**70.4%**	**325.9**	**73.5%**	**667.8**	**71.9%**
North America	53.7	11.9%	62.3	13.1%	116.1	12.5%	**108.5**	**22.3%**	**82.9**	**18.7%**	**191.5**	**20.6%**
Europe	21.3	4.7%	24.1	5.1%	45.5	4.9%	**27.3**	**5.6%**	**26.1**	**5.9%**	**53.4**	**5.7%**
Other	5.5	1.2%	6.1	1.3%	11.6	1.3%	**8.0**	**1.6%**	**8.8**	**2.0%**	**16.8**	**1.8%**
Consolidated Sales	451.8	100.0%	474.1	100.0%	925.9	100.0%	**485.8**	**100.0%**	**443.7**	**100.0%**	**929.5**	**100.0%**
Japan	69.1		61.1		13.0		**71.6**		**41.1**		**112.7**	
North America	11.9		13.5		25.5		**33.9**		**3.4**		**37.3**	
Europe	-1.9		1.2		-0.7		**5.4**		**1.4**		**6.8**	
Other	0.5		0.4		-0.9		**0.3**		**0.5**		**0.8**	
Consolidated Operating income	80.3		74.4		154.7		**78.4**		**58.0**		**136.3**	

The accounting period of Daiichi Sankyo INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are U.S. subsidiaries of the DAIICHI SANKYO Group, was 15 months from January 2006 to March 2007, following a change in these companies' fiscal year-end from December to March. The aggregate operating results of these subsidiaries for the period from January to March 2006 were net sales of ¥31.5 billion and operating income of ¥9.0 billion.

7. Financial Indicators

	FY2005 Actual		FY2006 Actual		FY2007 Estimate
	1st half	Full year	1st half	Full year	Full year
Capital expenditure	17.8 billion yen	30.1 billion yen	13.5 billion yen	**31.5 billion yen**	**–**
Depreciation expense	19.5 billion yen	44.4 billion yen	19.0 billion yen	**39.9 billion yen**	**35.0 billion yen**
Dividend payout ratio	34.7 %	40.5 %	32.7 %	**55.7** %	**55.5** %
Earnings per share (EPS)	67.5 yen	119.4 yen	91.7 yen	**107.7** yen	**126.2** yen
Dividend per share	25.0 yen	50.0 yen	30.0 yen	**60.0** yen	**70.0** yen
Dividend on equity ratio (DOE)	1.5 %	2.9 %	1.7 %	**3.5** %	
Return on equity (ROE)	4.2 %	7.3 %	5.3 %	**6.3** %	
Book value per share (BPS)	1,610.6 yen	1,696.9 yen	1,756.3 yen	**1,740.2** yen	
Shareholder's equity ratio	77.3 %	77.5 %	78.3 %	**77.5** %	
Total number of common shares	729 million shares	729 million shares	729 million shares	**729 million shares**	
Share price at end of period	2,325 yen	2,685 yen	3,350 yen	**3,610** yen	
Number of consolidated subsidiaries	61 companies	57 companies	54 companies	**54 companies**	
Number of employees	18,648	18,434	18,409	**15,358**	

8. Number of shares held and shareholders by category

	As of September 30, 2005			As of March 31, 2006			As of September 30, 2006			As of March 31, 2007		
	Number of Shareholders	Number of shares (million)	%	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%	**1**	**0**	**0.0%**
Financial institutions	178	314	42.9%	185	340	46.5%	178	341	46.5%	**186**	**347**	**47.4%**
Securities Companies	45	27	3.7%	44	7	1.0%	40	10	1.4%	**58**	**12**	**1.8%**
Corporate investors	672	49	6.7%	635	49	6.7%	593	48	6.6%	**647**	**49**	**6.7%**
Foreign investors	603	240	32.8%	569	236	32.3%	600	241	33.0%	**638**	**234**	**31.9%**
Individuals	53,479	101	13.9%	55,244	99	13.6%	49,077	91	12.5%	**52,290**	**89**	**12.2%**
Treasury stock	0	0	0.0%	1	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%	**53,821**	**733**	**100.0%**

9. Domestic Sales

Sales of main ethical pharmaceuticals

(Billions of yen)

	FY2005 Actual	FY2006 Actual					FY2007 Estimate			
			From May estimate	From Jan. estimate	YoY changes	YoY %	1st half	Full Year	YoY changes	YoY %
Total net sales of ethical pharmaceuticals	413.0	**420.4**	5.9	-8.1	7.3	1.8%	218.0	**452.0**	31.6	7.5%
Cardiovascular disease-related field										
Olmetec (antihypertensive)	25.6	**42.2**	6.8	-1.4	16.6	65.4%	28.5	**63.0**	20.8	49.2%
Calblock (antihypertensive)	6.4	**8.8**	-0.4	-0.3	2.4	38.0%	6.0	**13.5**	4.7	53.8%
Artist (long-acting beta-blocker)	18.2	**19.3**	0.5	-0.2	1.1	5.9%	11.5	**23.0**	3.7	19.2%
Mevalotin (antihyperlipidemic agent)	75.2	**67.8**	-0.4	0.6	-7.4	-9.9%	33.0	**65.0**	-2.8	-4.1%
Kremezin (treatment for chronic renal failure)	13.0	**12.2**	-0.2	-0.2	-0.8	-6.4%	6.5	**13.0**	0.8	6.7%
Hanp (agent for the treatment of acute cardiac failure)	8.6	**9.2**	-0.0	-0.3	0.6	5.8%	4.6	**10.0**	0.8	8.9%
Livalo (antihyperlipidemic agent)	4.1	**5.1**	-0.5	0.0	1.0	23.9%	3.3	**7.0**	1.9	36.4%
Sunrythm (antiarrhythmic agent)	11.9	**11.7**	0.4	-0.1	-0.2	-1.3%	6.0	**12.0**	0.3	2.3%
Bepricor (antiarrhythmic and antianginal agent)	1.8	**2.3**	-	-	0.5	25.8%	1.2	**2.6**	0.3	13.0%
Fastic (antidiabetic agent)	5.3	**5.4**	-0.3	-0.0	0.1	0.6%	2.7	**5.5**	0.1	1.9%
Infectious diseases / bone and joint diseases / immunological allergic diseases / urology										
Cravit (oral antibacterial agent)	50.2	**46.7**	-0.9	-1.0	-3.5	-6.9%	23.0	**52.0**	5.3	11.3%
Loxonin (non-steroidal analgesic and anti-inflammatory agent)	29.0	**30.9**	2.4	-0.2	1.9	8.0%	17.0	**35.0**	4.1	13.2%
Mobic (non-steroidal anti-inflammatory agent)	10.6	**10.7**	-0.4	-0.3	0.1	0.7%	6.5	**12.5**	1.8	17.2%
Urief (treatment for dysuria)	-	**2.3**	-	-	-	-	2.9	**8.0**	5.7	253.5%
Zyrtec (allergy drug)	12.6	**12.0**	0.7	0.3	-0.6	-4.8%	4.5	**9.5**	-2.5	-20.6%
Contrast agents / cancer / Gastric diseases										
Omnipaque (non-ionicity contrast agent)	34.7	**31.5**	1.9	-0.1	-3.2	-9.1%	18.0	**34.0**	2.5	7.8%
Omniscan (contrast medium for MRI)	5.4	**5.2**	0.1	0.0	-0.2	-2.6%	2.7	**5.5**	0.3	4.9%
Topotecin (anticancer agent)	4.8	**5.4**	-0.1	0.2	0.6	12.1%	2.9	**6.0**	0.6	10.5%
Krestin (anticancer agent)	4.6	**3.8**	-	-	-0.8	-18.2%	1.9	**3.7**	-0.1	-2.6%
Feron (interferon beta)	3.7	**4.0**	-	-	0.3	9.6%	2.4	**5.5**	1.5	37.2%

Sales of main OTC drugs

(Billions of yen)

	FY2005 Actual	FY2006 Actual					FY2007 Estimate			
			From May estimate	From Jan. estimate	YoY changes	YoY %	1st half	Full Year	YoY changes	YoY %
Total net sales of OTC drugs	27.9	**47.9**	-6.3	-1.0	-	-	26.0	**52.0**	4.1	8.5%
LuLu series	9.4	**10.0**	-0.2	-0.3	0.6	7.7%	5.5	**11.0**	1.0	9.7%
Gaster 10	-	**3.6**	-0.6	-0.3	-	-	1.7	**3.9**	0.3	8.6%
Shin-Sankyo Ichoyaku series	2.9	**3.0**	-0.0	0.1	0.1	2.2%	1.4	**3.4**	0.4	15.0%
Patecs series	2.0	**1.9**	-0.4	-0.3	-0.1	-3.5%	1.8	**3.0**	1.1	56.3%

	Remarks (changes from FY2005 to FY2006)
Total net sales of ethical pharmaceuticals	
Cardiovascular disease-related field	
Olmetec (antihypertensive)	Despite the heavy competition of this growth market, sales of Olmetec continued to grow thanks to reinforced promotion highlighting outstanding antihypertensive benefits.
Calblock (antihypertensive)	Success in highlighting its superiority in long-lasting antihypertensive benefits and protection of internal organs, Calbrock showed a strong growth.
Artist (long-acting beta-blocker)	Despite a shrinking market, as the only beta-blocker to have indication in the treatment of chronic heart failure, Artist grew mainly for cardiac conditions and kept the top share among drugs with the similar therapeutic area.
Mevalotin (antihyperlipidemic agent)	Although the number of new patients rose following the practical application of "MEGA Study", a large-scale clinical test involving Japanese subjects, sales of Mevalotin declined due to increasing prescriptions of generic products and competing products.
Kremezin (treatment for chronic renal failure)	Despite the growth of generic products, the number of prescriptions for Kremezin increased due to promotion of its usefulness in early-stage renal disease treatment. However, sales decreased due to the effect of a NHI price revision.
Hanp (agent for the treatment of acute cardiac failure)	Following promotion of its superiority in improving convalescence, HANP gained acceptance in its high usefulness as a first-choice medicine in the treatment of acute heart failure, and showed the only growth among drugs with the similar therapeutic area.
Livalo (antihyperlipidemic agent)	Livalo improved its presence in the "stronger Statin" market, where competition is intensifying, by conducting promotions centered mainly on its usefulness for high-risk patients.
Sunrythm (antiarrhythmic agent)	With promotions aimed to anchor Sunrythm as the first-choice prescription in atrial fibrillation medication, the number of prescriptions continued to increase. However, sales decreased slightly due to the effects of a NHI price revision.
Bepricor (antiarrhythmic and antianginal agent)	Due to the effect of product mixed promotion along with antihypertensive drugs, sales of Bepricor showed a steady growth.
Fastic (antidiabetic agent)	Fastic secured prescriptions, mainly from early stage diabetes patients and performed steadily, thanks in part to the contribution of the launch of small tablets.
Infectious diseases / bone and joint diseases / immunological allergic diseases / urology	
Cravit (oral antibacterial agent)	Despite the stagnant market due to NHI moves to curtail overprescription, number of prescriptions for Cravit continued to grow for its use as a highly refined quinolone. Although its positioning was stable, sales declined due to the effect of a NHI price revision.
Loxonin (non-steroidal analgesic and anti-inflammatory agent)	Besides high brand power and outstanding product features, the launch of poultice form in May 2006 contributed to growth of Loxonin brand.
Mobic (non-steroidal anti-inflammatory agent)	Although the market was sluggish due to the effect of reforms of the medical system, Mobic secured results on a par with last year and expanded its share through successful promotion of its product features, such as its long-lasting effect.
Urief (treatment for dysuria)	Launched in May 2006, Urief has been establishing a presence as an agent for improving urination disorders which can expect definite improvement of subjective symptoms.
Zyrtec (allergy drug)	The number of prescriptions for Zyrtec increased, due to the continuous spread of the product concept and the contribution of the new form launched in July 2006. However, sales decreased due to the effect of a NHI price revision.
Contrast agents / cancer / Gastric diseases	
Omnipaque (non-ionicity contrast agent)	Sales decreased due to the promotion of comprehensive medicine system and the growth of generic products. However, with its wide range of dosages and forms, especially the IC-tagged syringe, continuous promotion is made for Ominpaque's growth.
Omniscan (contrast medium for MRI)	Although the MRs in contrast media area were increased along with the addition of new dosages and plastic syringe form, sales of Omniscan slightly decreased due to the effect of a NHI price revision.
Topotecin (anticancer agent)	Topotecin showed a steady growth, reflecting the market growth, increase in MRs specialized in the cancer area, new information production and through utilization of scientific evidence.
Krestin (anticancer agent)	Krestin suffered a sales decrease in connection with a decrease in immunity treatment prescriptions.
Feron (interferon beta)	Sales of Feron increased thanks to the additional indication to C-type compensatory cirrhosis treatments, approved in April 2006. The combination use with Ribavirin, which would lead to the market expansion was not authorized yet.

	Remarks (changes from FY2005 to FY2006)
Total net sales of healthcare products	
LuLu series	Besides the steady performance of "Shin LuLu A Tablets," the launch of new product "LuLu attack IB" contributed to the sales increase of LuLu series.
Gaster 10	Mouth-melting "Gaster 10S tablet" was added to its lineup in October 2006.
Shin-Sankyo Ichoyaku series	With the market stagnant, performance was on a par with last year, supported by steady store sales generated by its high brand power.
Patecs series	Despite the reinforced campaigns to habitual users, sales fell in connection with the slump in the cool cataplasms market.

Export sales of main products

(Billions of yen)

	FY2005 Actual	FY2006 Actual				FY2007 Estimate			
			From May estimate	From Jan. estimate	YoY changes	YoY %	1st half	Full Year	YoY changes	YoY %
Levofloxacin (antibacterial agent)	29.5	**32.4**	2.1	-0.1	2.9	9.6%	15.5	**31.0**	-1.4	-4.2%
Pravastatin (antihyperlipidemic agent)	64.5	**21.6**	2.4	1.2	-42.9	-66.6%	3.1	**4.8**	-16.8	-77.9%

10. Sales of Overseas Subsidiaries

U.S. subsidiaries—net sales of main products

(Billions of yen)

		FY2005 Actual	FY2006 Actual				FY2007 Estimate			
				From May estimate	From Jan. estimate	YoY changes	YoY %	1st half	Full Year	YoY changes	YoY %
DAIICHI SANKYO INC. (DSI)		65.1	**130.4**	8.7	1.2	65.3	100.3%	62.0	**126.0**	-4.4	-3.4%
	Benicar / Benicar HCT	50.3	**92.8**	5.8	0.2	42.5	84.4%	44.0	**87.0**	-5.8	-6.2%
	(antihypertensive) ($ million)	(456)	**(793)**	(36)	(-5)	(337)	73.9%	(381)	**(759)**	(-34)	-4.3%
	WelChol	14.8	**23.2**	2.5	0.3	8.4	56.8%	10.0	**22.5**	-0.7	-3.1%
	(antihyperlipidemic agent) ($ million)	(134)	**(198)**	(18)	(0)	(64)	48.1%	(89)	**(196)**	(-2)	-1.1%
	Floxin Otic*	6.2	**8.2**	0.4	0.4	-	33.8%	5.5	**9.0**	0.8	9.1%
	(antibiotic eardrops) ($ million)	(54)	**(71)**	(4)	(4)	-	29.7%	(48)	**(78)**	(7)	10.6%
	Evoxac*	2.4	**2.9**	0.2	0.2	-	22.5%	1.5	**3.2**	0.3	8.7%
	(agent for treatment of dry-mouth) ($ million)	(21)	**(25)**	(2)	(2)	-	18.7%	(13)	**(28)**	(3)	11.7%
Luitpold Pharmaceuticals, Inc. (LPI)		39.5	**61.0**	14.1	3.4	21.5	54.5%	20.0	**40.0**	-21.0	-34.5%
	Venofer	22.6	**37.7**	10.5	3.0	15.1	66.7%	10.0	**21.0**	-16.7	-44.3%
	(treatment for iron deficiency anemia) ($ million)	(205)	**(322)**	(86)	(23)	(117)	57.1%	(89)	**(184)**	(-138)	-42.8%

* Changed to net sales in FY2006. (sales in the previous year has been also converted to net sales)

FY2006 Actuals for Benicar / Benicar HCT, Welchol, and Venofer are fifteen-months totals. (January 2006 - March 2007)
Three-months actuals (January 2006 - March 2006) are ¥15.6 billion ($135mil), ¥3.9 billion ($33mil), and ¥6.8 billion ($59mil), respectively.

European subsidiaries—net sales of main products

(Billions of yen)

		FY2005 Actual	FY2006 Actual				FY2007 Estimate			
				From May estimate	From Jan. estimate	YoY changes	YoY %	1st half	**Full Year**	YoY changes	YoY %
DAIICHI SANKYO EUROPE GmbH (DSE)		43.9	**51.6**	2.0	-0.8	7.8	17.8%	40.0	**69.0**	17.4	33.6%
	Olmetec / Olmetec Plus	14.7	**22.5**	1.9	0.0	7.8	53.2%	20.5	**37.0**	14.5	64.3%
	(antihypertensive) (€ million)	(107)	**(154)**	(2)	(-3)	(47)	44.1%	(147)	**(265)**	(111)	71.8%
	Mevalotin	5.5	**6.0**	0.8	0.2	0.5	9.1%	3.7	**6.0**	0.0	0.0%
	(antihyperlipidemic agent) (€ million)	(40)	**(41)**	(1)	(-1)	(1)	2.6%	(27)	**(42)**	(1)	2.9%

FY2007 Estimates for Olmetec / Olmetec Plus, and Mevalotin are fifteen-months totals. (January 2007 - March 2008)
Three-months estimates (January 2007 - March 2007) are ¥6.0 billion (€41mil), and ¥1.5 billion (€10mil), respectively.

	Remarks (changes from FY2005 to FY2006)
Levofloxacin (antibacterial agent)	Local sales in U.S. remained brisk. Local sales in Europe leveled off due to the effects of measures to constrain medical costs in major nations.
Pravastatin (antihyperlipidemic agent)	Sales decreased due to the expiration of patents in major European nations and the U.S.

		Remarks (changes from FY2005 to FY2006)
DAIICHI SANKYO INC. (DSI)		
	Benicar / Benicar HCT (antihypertensive)	Results are for 15 months due to a change in the accounting period. In addition to benefiting from an expanding market, Benicar / Benicar HCT posted strong growth due to active promotion and growing awareness of its product features.
	WelChol (antihyperlipidemic agent)	Results are for 15 months due to a change in the accounting period. WelChol continued to grow along with a strengthening of its sales power brought by the merger. In December 2006, an application was made for the addition of a diabetes indication.
	Floxin Otic (antibiotic eardrops)	In addition to increased sales power brought by the merger, sales of Floxin Otic grew strongly following increased promotion of its use in the treatment of external otitis.
	Evoxac (agent for treatment of dry-mouth)	In addition to increased sales power brought by the merger, sales of Evoxac grew strongly following concentrated promotion to rheumatism specialists.
Luitpold Pharmaceuticals, Inc. （LPI）		
	Venofer (treatment for iron deficiency anemia)	Results are for 15 months due to a change in the accounting period. Besides the expansion of the market, Venofer's share showed a steady growth in the dialysis chains, leading to major increase of sales.

		Remarks (05→06 changes)
DAIICHI SANKYO EUROPE GmbH（DSE）		
	Olmetec / Olmetec Plus (antihypertensive)	With the markets growing, in addition to steady growth of Olmetec, launch of Olmetec Plus, a new combination preparation in multiple nations contributed to the major growth.
	Mevalotin (antihyperlipidemic agent)	In some European nations where patents had expired, bulk supply and other countermeasures were applied to business partners other than BMS, which ensured sideways movement.

11.Consolidated financial statements

Consolidated Balance Sheets <Assets>

(Billions of Yen)

	As of March 31, 2006	(%)	As of March 31, 2007	(%)	Change	Details
Current assets	958.5	60.1	1,015.8	62.1	57.3	
Cash and time deposits	224.0		232.6		8.6	
Trade notes and accounts receivable	240.2		197.2		-43.0	Decrease due to exclusion* of subsidiaries from consolidation:¥ -36.0 billion
Marketable securities	274.5		373.9		99.4	Liquidity on hand (current deposits + securities + mortgage securities)
Mortgage-backed securities	16.5		15.0		-1.5	Total: ¥621.5 billion (¥ +106.5 billion from March 31, 2006)
Inventories	121.7		107.8		-13.9	【Breakdown】 Increase in net income ¥ +78.5 billion, sale of subsidiaries ¥ +91.0 billion, dividend payment ¥ -40.0 billion
Deferred tax assets	40.9		63.4		22.5	
Other current assets	41.3		26.8		-14.5	Decrease in taxes on unearned refundable income
Allowance for doubtful accounts	-0.6		-0.7		-0.1	
Non-current assets	637.6	39.9	621.0	37.9	-16.6	
Property, plant and equipment	289.7	18.1	248.9	15.2	-40.9	Decrease due to exclusion* of subsidiaries from consolidation:¥ -35.8 billion yen
Buildings and structures	164.0		142.5		-21.5	
Machinery, equipment and vehicles	47.9		40.0		-7.9	
Land	48.9		38.0		-10.9	
Construction in progress	10.0		12.0		2.0	
Others	18.9		16.3		-2.6	
Intangible assets	36.2	2.3	60.2	3.7	24.0	Acquisition of shares of Zepharma Inc. (amortization period is 10 years) Acquisition of "EVISTA", an osteoporosis drug by European subsidiary DSE
Goodwill, net	9.8		18.6		8.8	
Others	26.4		41.6		15.2	
Investments and other assets	311.8	19.5	312.0	19.0	0.2	
Investment securities	256.3		262.2		5.9	Increase of fund operation
Long-term loans	6.2		1.6		-4.5	Decrease of employee loans
Prepaid pension costs	17.3		18.0		0.7	
Deferred tax assets	7.4		8.9		1.5	
Others	25.1		21.6		-3.5	
Allowance for doubtful accounts	-0.5		-0.4		0.1	
Total assets	1,596.1	100.0	1,636.8	100.0	40.7	

* DAIICHI SANKYO Group has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical business. During FY2006, the Company completed various movements which made subsidiaries such as Wakodo Co., Ltd., Fuji Flour Milling Co., Ltd., Daiichi Pure Chemicals Co., Ltd., Daiichi Radioisotope Laboratories, Ltd., Sankyo Agro Co., Ltd., Meguro Chemical Industry Co., Ltd., Sankyo Yell Yakuhin Co., Ltd., and Daiichi Medical Co., Ltd. independent of the Group.

Consolidated Balance Sheets <Liabilities>

(Billions of Yen)

	As of March 31, 2006	(%)	As of March 31, 2007	(%)	Change	Details
Liabilities	347.0	21.8	364.7	22.3	17.7	
Current liabilities	236.8	14.9	281.5	17.2	44.7	
Trade notes and accounts payable	65.6		56.4		-9.2	----- Decrease due to exclusion* of subsidiaries from consolidation
Short-term bank loans	13.5		8.6		-5.0	¥ -18.9 billion yen
Accounts payable	39.5		89.6		50.1	----- Increase in supplemental retirement benefits
Income taxes payable	26.2		27.6		1.4	
Deferred tax liabilities	0.0		-		-	
Allowance for sales returns	0.6		1.3		0.7	
Allowance for sales rebates	2.2		2.5		0.3	
Allowance for contingent losses	3.4		3.5		0.1	
Others	85.8		92.0		6.2	
Non-current liabilities	110.2	6.9	83.2	5.1	-27.0	
Long-term debt	3.4		1.5		-1.8	
Deferred tax liabilities	23.9		36.1		12.2	----- Increase caused by a decrease in accrued retirement and severance benefits
Accrued retirement and severance benefits	68.3		35.1		-33.3	----- Decrease due to personnel downsizing
Accrued directors' and corporate auditors' retirement and severance benefits	3.1		1.0		-2.1	
Accrued soil remediation costs	2.9		4.0		1.1	
Others	8.5		5.4		-3.1	
Net assets	1,249.1	78.2	1,272.1	77.7	23.0	
Shareholders' capital	1,156.5	72.5	1,191.3	72.8	34.8	
Common stock	50.0		50.0		0.0	
Additional paid-in-capital	179.9		179.9		0.0	
Retained earnings	936.5		971.5		35.0	----- Increase in retained earnings: ¥+35.0 billion
Treasury stock at cost	-9.8		-10.0		-0.2	<Breakdown> Net income: ¥+78.5 billion Dividends: ¥-40.0 billion
Valuation, translation and other adjustments	81.0	5.0	77.3	4.7	-3.7	
Net unrealized gain on investment securities	80.3	5.0	72.4		-7.9	
Foreign currency translation adjustments	0.7	0.0	5.0		4.2	
Minority interests	11.6	0.7	3.5	0.2	-8.1	
Total liabilities and net assets	1,596.1	100.0	1,636.8	100.0	40.7	

Consolidated Statements of Income

(Billions of Yen)

	FY2005	(%)	FY2006	(%)	Change	Details
Net sales	925.9	100.0	929.5	100.0	3.6	Impact of change in fiscal year-end of two U.S. subsidiaries (DSI/LPI): ¥ +31.5 billion Decrease due to downsizing of the non-pharmaceutical operations: ¥ -64.3 billion Increase due to consolidation of Zepharma Inc.: ¥+22.5 billion
Cost of sales	290.7	31.4	265.2	28.5	-25.5	Cost to sales ratio: -2.9% Ratio of low-cost products such as Olmesartan improved due to exclusion* of subsidiaries with high cost ratios and changes in fiscal year-end of two U.S. subsidiaries (DSI/LPI).
Gross profit	635.2	68.6	664.3	71.5	29.1	
SG&A	480.5	51.9	528.0	56.8	47.5	Increase of DSI's SG&A due to expansion of Benicar sales including profit share: ¥ +20.9 billion Increase due to consolidation of Zepharma Inc.: ¥+12.3 billion
Advertisement and promotional expenses	74.7		100.7		26.0	
Research and development expenses	158.7		170.7		11.9	Increase of global development products' R&D expenses and in-licensing expenses
Operating income	154.7	16.7	136.3	14.7	-18.4	
Non-operating income	11.0	1.2	20.0	2.2	9.1	
Interest income	3.3		7.7		4.4	Gain on funds investment by two US subsidiaries (DSI/LPI)
Dividend income	2.0		3.5		1.6	
Derivative income	-		2.6		2.6	
Non-operating expenses	6.0	0.7	4.2	0.5	-1.7	
Ordinary income	159.7	17.2	152.1	16.4	-7.6	
Extraordinary gains	6.9	0.8	73.5	7.9	66.6	
Gain on sales of property, plant and equipment	4.9		4.3		-0.6	
Gain on sales of investments in affiliates	1.2		59.3		58.2	Increase in subsidiary sales profits associated with spin-off of non-pharmaceutical operations (Wakodo, Daiichi Pure Chemicals, Daiichi Radioisotope Laboratories, Sankyo Agro, etc.)
Gain on sales of investment securities	0.6		8.2		7.6	
Gain on adjustment of prior-year R&D expenses	-		1.6		1.6	
Extraordinary losses	29.7	3.2	98.7	10.6	69.0	
Loss on disposal of property, plant and equipment	5.6		3.6		-1.9	
Loss on business integration	9.9		82.5		72.6	Expenses from payment of supplemental retirement benefits associated with early retirement program, as well as from IT system development cost associated with merger
Loss on impairment of property, plant and equipment	1.2		3.6		2.4	Expense related to the spin-off of non-pharmaceutical operations
Provision for contingent losses	3.4		0.2		-3.2	
Net income before income taxes and minority interests	136.9	14.8	126.9	13.7	-10.0	
Income tax expense	49.2	5.3	48.1	5.2	-1.1	Corporate tax rate: 35.9%→37.9%
Minority interests	0.0	0.0	0.3	0.0	0.3	
Net income	87.7	9.5	78.5	8.5	-9.1	

* DAIICHI SANKYO Group has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical business. During FY2006, the Company completed various movements which made subsidiaries such as Wakodo Co., Ltd., Fuji Flour Milling Co., Ltd., Daiichi Pure Chemicals Co., Ltd., Daiichi Radioisotope Laboratories, Ltd., Sankyo Agro Co., Ltd., Meguro Chemical Industry Co., Ltd., Sankyo Yell Yakuhin Co., Ltd., and Daiichi Medical Co., Ltd. independent of the Group.

Consolidated Statements of Cash Flows

(Billions of Yen)

	FY2005	FY2006	Change	Details
Net income before income taxes and minority interests	136.9	126.9	-10.0	
Depreciation	41.1	40.0	-1.1	
Decrease in accrued retirement and severance benefits	-3.3	-28.5	-25.2	Decrease by early retirement program
Increase in prepaid pension costs	-1.8	-0.7	1.1	
Gain on sales of investments in affiliates	-0.8	-58.1	-57.3	Progress in spin-off of non-pharmaceutical operations
Decrease in trade notes and accounts receivable	11.7	16.8	5.1	
Decrease in inventories	8.3	1.7	-6.6	
Increase (decrease) in trade notes and accounts payable	-7.0	3.3	10.3	
Increase in accounts payable and accrued expense	-3.4	56.6	59.9	Increase in supplemental retirement benefits
Other, net	4.1	10.5	6.4	
Income taxes paid	-53.0	-62.0	-9.0	
I Cash flows from operating activities	132.8	106.4	-26.3	
Net decrease (increase) in short-term operating assets	32.7	15.6	-17.0	
Acquisition/sales of fixed assets	-43.1	-31.5	11.6	
Acquisition/sales of investment securities	-22.9	-23.3	-0.4	
Net decrease (increase) in loans receivable	-0.6	20.7	21.3	
Acquisition of investments in subsidiaries from minority interests	-10.3	-0.6	9.7	FY2005: Daiichi Suntory Pharma Co., Ltd. made wholly-owned subsidiary
Acquisition of investments in newly consolidated subsidiaries	-	-27.2	-27.2	Acquisition of shares of Zepharma Inc.
Proceeds from sales of investments in consolidated subsidiaries resulting in changes in scope of consolidation	0.6	91.0	90.4	Progress in spin-off of non-pharmaceutical operations
Other, net	4.3	0.6	-3.7	
II Cash flows from investing activities	-39.3	45.3	84.6	
Net increase (decrease) in short-term borrowings and long-term debt	-2.4	1.0	3.4	
Purchases of treasury stock	-16.6	-0.2	16.4	
Proceeds from sale of treasury stock	2.9	0.0	-2.9	
Dividends paid	-17.3	-40.0	-22.7	Real dividend increase of 10 yen
Share transfer payments	-17.2	-	17.2	
Other, net	0.5	-1.6	-2.0	
III Cash flows from financing activities	-50.1	-40.8	9.3	
IV Effect of exchange rate changes on cash and cash equivalents	3.8	0.4	-3.4	
V Net increase in cash and cash equivalents	47.2	111.4	64.2	
VI Cash and cash equivalents, beginning of year	354.1	401.0	46.9	
VII Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	-0.3	0.9	1.2	
VIII Cash and cash equivalents, end of year	401.0	513.2	112.2	

12. R&D Pipeline

Daiichi Sankyo Group Research & Development Pipeline (Development Stage)

Therapeutic Area	Main Existing Product	Phase1	Phase2
Cardiovascular diseases	Pravachol / Mevalotin Benicar / Olmetec Welchol MEVALOTIN Panaldine OLMETEC Artist Sunrythm ACECOL HANP Coversyl LIVALO CALBLOCK	DZ-697b(US/EU/JP) (anti-platelet agent) HGF DNA therapy(US/EU) (coronary arterial diseases)	DU-176b(US/EU/JP)(oral factor Xa inhibitor) HGF DNA therapy(US/EU) (peripheral arterial diseases) SUN 4936h(US/EU)(acute heart failure/ in licensing activity) ☆CS-866RN(JP)(chronic glomerulonephritis) ☆CS-866CMB(JP) (Olmesartan/Hydrochlorotiazide combination) CS-747(JP) (anti-platelet agent)
Glucose metabolic disorders	FASTIC	SUN E7001(JP) (tipe2 diabetes/in licensing activity) AJD101(US/EU) (activation of the insulin signaling pathway)	CS-917(US/EU) (gluconeogenesis inhibitor)
Infectious diseases	LEVAQUIN / Tavanic FLOXIN Otic BANAN Cravit CARBENIN BANAN	DC-159a(US/EU) (new quinolone) DX-619(US/EU/JP) (new quinolone) CS-758(US/EU) (azole antifungal) CS-8958(US/EU) (anti-influenza) CS-8958(JP) (anti-influenza)	DU-6859a inj(US) (new quinolone) CS-023(US/EU) (carbapenem-type antibiotic/ ~~licensed-out to Roche~~) CS-023(JP) (carbapenem-type antibiotic) levofloxacin inj (new quinolone)
Cancer	camptoser Topotecin KRESTIN	CS-7017(US/EU) (PPARγ activator) CS-1008(US/EU) (anti-DR5 antibody) DE-766(JP) (nimotuzumab/anti-EGFR antibody)	
Immunological allergic diseases	Zyrtec	CS-0777(US/EU) (immunomodulator)	CS-712(JP) (cedar pollen pollinosis)
Bone/Joint diseases	LOXONIN Mobic Miltax		CS-706(US/EU) (COX-2 inhibitor) SUN E3001(JP) (osteoporosis/in licensing activity)
Others	Venofer Evoxac Omnipaque KREMEZIN ZANTAC Omniscan FERON Evoxac URIEF	SUN N8075(US/EU) (acute ischemic stroke)	SUN N4057(US/EU) (acute ischemic stroke) CS-088(US/EU/JP) (antiglaucoma/co-development with Santen) SUN11031(JP) (anorexia nervosa) SUN11031(US/EU) (cachexia)

☆additional indications, new formulations etc.

Change from the announcement in the Mid-term Business Management Plan of Febrary 2007

New(underline) : levofloxacin inj(JP)
Change of Stage : CS-011(US/EU), KMD-3213(China), CS-8958(JP), DE-766(JP), SUN A0026(North America)
Withdrawal of Development etc. : CS-023(US/EU)[DAIICHI SANKYO and Roche,licensee of the drug, terminated the agreement based on Roche's strategy of products' portfolio.]

May 2007
DAIICHI SANKYO CO., LTD.

Phase3	Application/Approval
CS-747(US/EU) (anti-platelet agent) HGF DNA therapy(JP) (peripheral arterial diseases) ☆CS-8663(EU) (Olmesartan/Amlodipine combination) ☆CS-866DM(JP) (diabetic nephropathy) ☆CS-866AZ(JP) (Olmesartan/Azelnidipine combination)	☆CS-8663(US) (Olmesartan/Amlodipine combination /application)
CS-011(US/EU) (antidiabetic/glitazone type)	☆WelChol DM(US) (antidiabetic/application)
SUN A0026(North America) (penem-type antibiotic/ licensed-out to Replidyne) levofloxacin high-dose (new quinolone)	DF-098(JP) (Hib vaccine/approval) DU-6859a oral(JP) (new quinolone/application)
☆CS-600G(JP) (loxoprofen gel)	☆LX-P(JP) (loxoprofen tape)
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) KMD-3213(China) (treatmant of dysuria associated with benign prostatic hyperplasia)	☆CS-1401E(JP) (pain relief during anesthesia/ application)

Daiichi-Sankyo Group R&D 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	DAIICHI 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 SANKYO
	☆CS-8663	Olmesartan medoxomil, Amlodipine besilate	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Calcium blocker	DAIICHI SANKYO
	☆CS-866DM	Olmesartan medoxomil	Oral	Diabetic nephropathy / Angiotensin Ⅱ receptor antagonist	DAIICHI SANKYO
	☆CS-866RN	Olmesartan medoxomil	Oral	Chronic glomerulonephritis / Angiotensin Ⅱ receptor antagonist	DAIICHI SANKYO
	☆CS-866AZ	Olmesartan medoxomil, Azelnidipine	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Calcium blocker	DAIICHI SANKYO
	☆CS-866CMB	Olmesartan medoxomil, Hydrochlorothiazide	Oral	Hypertension / Angiotensin Ⅱ receptor antagonist, Diuretic	DAIICHI SANKYO
	SUN 4936h	Carperitide (Recombinant)	Injection	Acute heart failure / α-human atrial natriuretic peptide	Asubio Pharma
Glucose metabolic disorders	CS-011	Rivoglitazone	Oral	Diabetes / Glitazone agent that improves insulin resistance	DAIICHI SANKYO
	CS-917	—	Oral	Diabetes / Gluconeogenesis inhibitor	DAIICHI SANKYO, Metabasis
	☆WelChol DM	Colesevelam hydrochloride	Oral	Diabetes	Genzyme

☆additional indications, new formulations etc.

May 2007
DAIICHI SANKYO CO., LTD.

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－Ⅱ	
US/EU	AnGes MG	P－Ⅱ (PAD) P－Ⅰ (CAD)	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.
Japan		P－Ⅲ (PAD)	
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	In-house	Application (06.11)	Olmesartan/Ca channel blocker (Amlodipine) combination
EU	In-house	P－Ⅲ	
Japan	In-house	P－Ⅲ	・ORIENT trials are underway ・Additional indication
Japan	In-house	P－Ⅱ	Additional indication
Japan	In-house	P－Ⅲ	Olmesartan/Ca channel blocker (Azelnidipine) combination
Japan	In-house	P－Ⅱ	・Launch : USA 03/09, EU 05/06 ・Olmesartan/diuretic (Hydrochlorothiazide) combination
US/EU	In-house	P－Ⅱ (license-out activity)	・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.
US/EU	In-house	P－Ⅲ	・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.
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	Application (06.12)	・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 R&D 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 SANKYO
	CS-023	—	Injection	Antibiotic (Carbapenem type)	DAIICHI SANKYO
	levofloxacin high-dose	levofloxacin	Oral	New quinolone	DAIICHI SANKYO
	levofloxacin inj	levofloxacin	Injection	New quinolone	DAIICHI SANKYO
	SUN A0026	Faropenem medoxomil	Oral	Antibiotic (Penem type)	Asubio Pharma
Immunological allergic diseases	CS-712	—	Oral	Cedar pollen pollinosis / Oral immune desensitization	DAIICHI SANKYO
Bone/Joint diseases	CS-706	—	Oral	Anti-inflammatory and analgesic	DAIICHI SANKYO
	☆LP-X	Loxoprofen sodium	Tape	Anti-inflammatory and analgesic	DAIICHI SANKYO
	☆CS-600G	Loxoprofen sodium	Gel	Anti-inflammatory and analgesic	DAIICHI SANKYO
	SUN E3001	(Trivial Name) Human parathyroid hormone [hPTH]	Nasal Spray (Liquid type)	Osteoporosis	Asubio Pharma
Others	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	Asubio Pharma
	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	Asubio Pharma
	CS-088	Olmesartan	Eyedrops	Glaucoma / Angiotensin Ⅱ receptor antagonist	DAIICHI SANKYO
	☆DL-8234	Interferon-β	Injection	Hepatitis C (with Ribavirin)	Toray
	☆CS-1401E	Fentanyl citrate	Injection	Pain relief during anesthesia	Janssen
	SUN0588r	Sapropterin hydrochloride	Oral	Hyperphenylalaninemia	Asubio Pharma

☆additional indications, new formulations etc.

November 2006

Region	Developer (In-house/ Co-development)	Stage	Comments
Japan	Sanofi Pasteur – Daiichi Vaccines	Approval (07.1)	・*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. ・Approval; January 26, 2007
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/JP	In-house	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－Ⅲ	・Change of the directions and dosage(100mg, b.d. or t.d. → 500mg, o.d.)
Japan	In-house	P－Ⅱ	・Injection of levofloxacin ・new formulation
North America	Replidyne	P－Ⅲ	・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. Replidyne submitted the NDA to the FDA in December 2005 for four adult indications. Replidyne received a non-approvable letter in October 2006 and is discussing with FDA the further development plan. ・Forest terminated collaboration with Replidyne for the commercialization in February 2007.
Japan	In-house	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	Co-development (Lead Chemical)	Application (07.2)	・Loxoprofen tape ・Co-development with Lead Chemical in Japan
Japan	In-house	P－Ⅲ	・Loxoprofen gel ・Formulation by TOKO YAKUHIN KOGYO
Japan	In-house	P－Ⅱ (license-out activity)	・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.
Japan	In-house	(Mild to moderate) P－Ⅲ (Moderately severe to severe) 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.
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.
China	In-house	P－Ⅲ	・An alpha1A blocker which effectively reduces urinary tract resistance and improves dysuria associated with benign prostatic hyperplasia. ・Reduces cardiocvascular 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. Asubio Pharma 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】

Daiichi-Sankyo

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.