Financial Results for the 3Q of FY2007

(April 1, 2007 - December 31, 2007)

January 31, 2008

DAIICHI SANKYO CO., LTD.

Overview of Consolidated Financial Results for 3Q FY2007 (compared with 3Q FY2006 ①)

(Unit: Billions of yen)

	FY2006 3Q YTD Results (Apr-Dec)				FY2007 3Q YTD Results (Apr-Dec)				Change	
	①	Non-Pharma Business	Change in the accounting period (U.S.)	* Special Factors Excluded ②	③	Non-Pharma Business	Change in the accounting period (EU)	* Special Factors Excluded ④	Simple Comparison ③-①	Real term Comparison ④-②
Net Sales	730.6	77.6	31.5	621.6	695.8	25.4	14.1	656.3	-34.8	34.8
Cost of Sales	208.4	50.4	5.1	152.9	181.7	22.7	3.6	155.5	-26.6	2.6
SG&A Expenses	265.0	17.5	15.6	231.9	240.3	2.9	8.3	229.1	-24.6	-2.8
R&D Expenses	125.3	4.3	1.8	119.2	117.0	0.7	0.3	116.0	-8.3	-3.2
Total Expense	390.3	21.7	17.4	351.1	357.3	3.6	8.6	345.1	-33.0	-6.0
Operating Income	132.0	5.4	9.0	117.6	156.8	-0.9	1.9	155.8	24.8	38.2
Non-operating income (expenses)	14.1	0.1	1.5	12.5	9.3	0.0	0.3	9.0	-4.9	-3.5
Ordinary Income	146.1	5.5	10.6	130.0	166.0	-0.9	2.2	164.8	19.9	34.7
Extraordinary gains (losses)	-20.4	45.0	-1.0	-64.4	-4.9	1.6	0.0	-6.5	15.6	57.9
Income tax and Minority interests	48.0	19.8	3.8	24.4	64.8	2.4	0.1	62.3	16.8	37.8
Net Income	77.7	30.6	5.8	41.2	96.4	-1.6	2.0	96.0	18.7	54.8

* Figures of non-pharmaceutical subsidiaries to be spun off, and the effect of change in the accounting periods of U.S./EU subsidiaries are considered as special factors. In order to compare the results in the real term, figures excluding such factors are shown as “Special Factors Excluded.”

Overview of Consolidated Financial Results for 3Q FY2007 (compared with 3Q FY2006 ②)

(Unit: Billions of yen)

Special Factors Excluded	FY2006 3Q YTD (Apr-Dec)	FY2007 3Q YTD (Apr-Dec)	Real term change	Remarks
Net Sales	621.6	656.3	34.8	Olmesartan +36.2 (including 1.9 from AZOR), Levofloxacin +3.8 Welchol +3.6, Urief +2.3, Loxionin +2.3, Pravastatin -16.2
Cost of Sales	152.9	155.5	2.6	Cost-to-sales ratio 24.6→23.7% Product mix improvement
SG&A Expenses	231.9	229.1	-2.8	
R&D Expenses	119.2	116.0	-3.2	R&D expenses ratio 19.2→17.7%
Total Expense	351.1	345.1	-6.0	Decrease in personnel cost due to personnel downsizing in domestic companies
Operating Income	117.6	155.8	38.2	Operating income to sales 18.9→23.7%
Non-operating income (expenses)	12.5	9.0	-3.5	
Ordinary Income	130.0	164.8	34.7	Ordinary income to sales 20.9→25.1%
Extraordinary gains (losses)	-64.4	-6.5	57.9	gains -4.6 (sales of property, plant and equipment -1.6, sale of investment securities -2.0) losses -62.5 (loss on business integration -54.7, loss on business restructuring -7.7)
Income tax and Minority interests	24.4	62.3	37.8	Increase in income before taxes and minority interests
Net Income	41.2	96.0	54.8	Net income to sales 6.6→14.6%

Overview of Consolidated Forecasts and 3Q Progress

(Unit：Billions of yen)

	FY2007 Forecasts (no change from disclosure in Nov 2007)				FY2007 3Q YTD Results (Apr-Dec)				
		Non-Pharma Business	Change in the accounting period (EU)	* Special Factors Excluded ①		Non-Pharma Business	Change in the accounting period (EU)	* Special Factors Excluded ②	Progress ②/①
Net Sales	876.0	16.4	14.1	845.5	695.8	25.4	14.1	656.3	77.6%
Cost of Sales	221.0	14.6	3.6	202.8	181.7	22.7	3.6	155.5	76.7%
SG&A Expenses	323.5	2.0	8.3	313.2	240.3	2.9	8.3	229.1	73.1%
R&D Expenses	171.5	0.5	0.3	170.7	117.0	0.7	0.3	116.0	68.0%
Total Expense	495.0	2.5	8.6	483.9	357.3	3.6	8.6	345.1	71.3%
Operating Income	160.0	-0.7	1.9	158.8	156.8	-0.9	1.9	155.8	98.1%
Non-operating income (expenses)	11.0	0.0	0.3	10.7	9.3	0.0	0.3	9.0	
Ordinary Income	171.0	-0.7	2.2	169.5	166.0	-0.9	2.2	164.8	97.2%
Extraordinary gains (losses)	-5.0	1.6	0.0	-6.6	-4.9	1.6	0.0	-6.5	
Income tax and Minority interests	66.0	0.0	0.1	65.9	64.8	2.4	0.1	62.3	
Net Income	100.0	0.9	2.0	97.0	96.4	-1.6	2.0	96.0	98.9%

Trend of Major Products

(Unit：Billions of yen)

	Product name		FY 2006	FY2007 Forecasts	FY2007 3Q YTD Results (Apr-Dec)			
			3Q YTD Results ①	(no change from disclosure in Nov 2007)	3Q Results ②	Proceed	Over the previous year ②-①	Over the previous year Ref.*
GLOBAL	Olmesartan	<antihypertensive>	123.7	202.0	150.7	74.6%	26.9	36.2
GLOBAL	Levofloxacin	<synthetic antibacterial agent>	81.3	110.0	85.1	77.3%	3.8	
GLOBAL	Pravastatin	<antihyperlipidemic agent>	76.6	79.0	61.9	78.4%	-14.6	-16.2
Japan	Calblock	<antihypertensive>	6.9	11.5	7.8	68.2%	1.0	
Japan	Artist	<antihypertensive>	15.4	22.0	16.5	75.2%	1.2	
Japan	Kremezin	<treatment for chronic renal failure>	9.5	13.0	9.7	74.7%	0.2	
Japan	Loxonin	<non-steroidal analgesic and anti-inflammatory agent>	23.9	35.0	26.2	74.8%	2.3	
Japan	Omnipaque	<contrast agent>	26.2	32.0	25.1	78.6%	-1.1	
Japan	Urief	<treatment for dysuria>	1.7	7.5	4.0	53.7%	2.3	
U.S.	Venofer	<treatment for iron deficiency anemia>	29.1	28.5	23.0	80.6%	-6.1	0.7
U.S.	Welchol	<antihyperlipidemic agent / treatment for type 2 diabetes>	17.9	24.0	17.6	73.4%	-0.3	3.6

* Accounting periods of U.S. subsidiaries in FY2006 was15 months from January 2006 to March 2007 following a change in fiscal year-end.
Accounting periods of European subsidiaries will be 15 months in FY2007. Figures excluding the extra 3 months sales are shown for reference.

R&D Pipeline (Change from disclosure in November 2007)

Development Code	Before Change	After Change	Remarks
CS-747 (Prasugrel)	U.S.: Phase3	U.S.: Application	Anti-platelet agent
CS-8080	-	U.S./EU: Phase1	Treatment for arteriosclerosis
Welchol DM	U.S.: Application	U.S.: Approval	Treatment for type 2 diabetes
DU-6859a (Gracevit)	Japan: Application	Japan: Approval	New quinolone
Levofloxacin High-dose	Japan: Phase3	Japan: Application	New quinolone
Levofloxacin Injection	Japan: Phase2	Japan: Phase3	New quinolone
DX-619	U.S./EU/JP : Phase1	-	New quinolone Withdrawal from project based on R&D portfolio
CS-758	U.S./EU ： Phase1	-	Azole antifungal Withdrawal from project based on R&D portfolio
SUN 0588r	U.S.: Application	U.S.: Approval	Treatment for Hyperphenylalaninemia Out-licensed to BioMarin
	-	EU: Application	

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