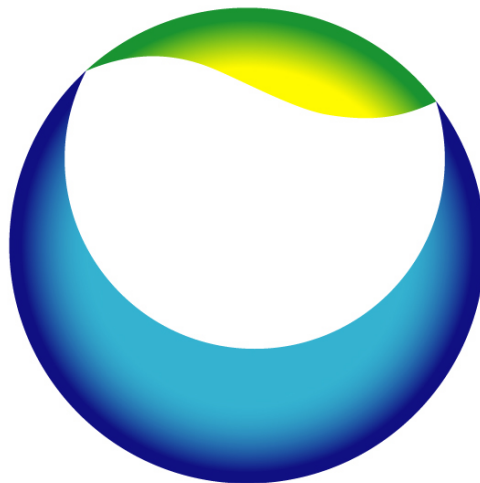


Stock code
number 4568

Reference Data

(Consolidated Financial Results for FY2007)



Daiichi-Sankyo

May 13, 2008

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



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Each numerical value regarding the future prospect in this material is derived from our judgment and assumptions based on the currently available information and may include risk and uncertainty. For this reason, the actual performance data, etc. may differ from the prospective value.

1. Summary of Income Statement

(Billions of yen)

	FY2007 Results									FY2008 Forecast			
	1st Half	YoY	4Q	YoY	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY
Net sales	443.7	-8.7%	184.3	-7.3%	436.4	-1.6%	880.1	4.1	-5.3%	400.0	-9.9%	840.0	-4.6%
Cost of sales	113.2		52.8		121.4		234.6	13.6		100.5		208.5	
/Net sales	25.5%		28.7%		27.8%		26.7%			25.1%		24.8%	
Selling, general and administrative expenses	236.6		131.4		252.1		488.7	-6.3		249.5		501.5	
/Net sales	53.3%		71.3%		57.8%		55.5%			62.4%		59.7%	
Research and development	78.3		46.5		85.2		163.5	-8.0		85.0		169.0	
/Net sales	17.6%		25.2%		19.5%		18.6%			21.3%		20.1%	
Other	158.3		84.9		166.9		325.2	1.7		164.5		332.5	
Operating income	93.9	19.9%	0.1	-98.8%	62.9	8.6%	156.8	-3.2	15.0%	50.0	-46.8%	130.0	-17.1%
/Net sales	21.2%		0.0%		14.4%		17.8%			12.5%		15.5%	
Non-operating income	8.7		4.8		8.3		17.0	3.0		6.0		11.0	
Non-operating expenses	1.9		1.9		2.8		4.8	1.8		2.0		3.0	
Ordinary income	100.7	14.2%	3.0	-49.5%	68.4	7.0%	169.1	-1.9	11.2%	54.0	-46.4%	138.0	-18.4%
/Net sales	22.7%		1.6%		15.7%		19.2%			13.5%		16.4%	
Extraordinary gains	4.0		12.0		12.2		16.1	6.1		2.5		3.0	
Extraordinary losses	6.7		9.4		11.7		18.3	3.3		3.0		5.5	
Income before income taxes and minority interests	98.0		5.6		68.9		166.9			53.5		135.5	
Net income	60.2	-9.9%	1.2	45.0%	37.4	220.8%	97.7	-2.3	24.3%	30.0	-50.2%	80.0	-18.1%
/Net sales	13.6%		0.7%		8.6%		11.1%			7.5%		9.5%	

<Pharma business* performance, effects of changes in accounting period of the U.S./European subsidiaries are excluded>

(Billions of yen)

	FY2007 Results									FY2008 Forecast			
	1st Half	YoY	4Q	YoY	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY
Net sales	413.2	4.4%	177.7	3.2%	420.8	5.8%	834.0	-11.5	5.1%	400.0	-3.2%	840.0	0.7%
Cost of sales	95.0		47.6		108.1		203.0	0.3		100.5		208.5	
/Net sales	23.0%		26.8%		25.7%		24.3%			25.1%		24.8%	
Selling, general and administrative expenses	225.5		130.8		250.3		475.8	-8.1		249.5		501.5	
/Net sales	54.6%		73.6%		59.5%		57.1%			62.4%		59.7%	
Research and development	77.5		46.4		84.9		162.4	-8.3		85.0		169.0	
/Net sales	18.7%		26.1%		20.2%		19.5%			21.3%		20.1%	
Other	148.0		84.4		165.4		313.5	0.3		164.5		332.5	
Operating income	92.7	42.7%	-0.7	-	62.4	13.2%	155.1	-3.7	29.2%	50.0	-46.1%	130.0	-16.2%
/Net sales	22.4%		-0.4%		14.8%		18.6%			12.5%		15.5%	
Non-operating income	8.4		4.8		8.2		16.6	2.9		6.0		11.0	
Non-operating expenses	1.9		1.8		2.8		4.7	1.7		2.0		3.0	
Ordinary income	99.2	35.4%	2.3	-47.7%	67.8	10.9%	167.1	-2.5	24.2%	54.0	-45.6%	138.0	-17.4%
/Net sales	24.0%		1.3%		16.1%		20.0%			13.5%		16.4%	
Extraordinary gains	2.3		5.0		5.1		7.4	-0.9		2.5		3.0	
Extraordinary losses	6.6		7.9		10.2		16.9	1.9		3.0		5.5	
Income before income taxes and minority interests	94.9		-0.6		62.7		157.6			53.5		135.5	
Net income	57.3	25.0%	-0.9	-	37.8	-	95.1	-1.9	167.7%	30.0	-47.6%	80.0	-15.9%
/Net sales	13.9%		-0.5%		9.0%		11.4%			7.5%		9.5%	

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

<p>【Note】</p> <p><u>FY2007 Actual (vs. previous year)</u></p> <p>【Positive factors】</p> <p>The accounting period of Daiichi Sankyo Europe GmbH (DSE) which is an European subsidiary of DAIICHI SANKYO, was 15 months from January 2007 to March 2008, following a change in its fiscal year-end from December to March. The net sales, operating income, ordinary income, and net income of DSE for the period from January to March 2007 was ¥14.1 billion, ¥1.8 billion, ¥2.1 billion, and ¥2.0 billion.</p> <p>【Negative factors】</p> <p>The accounting period of Daiichi Sankyo INC. (DSI) and Luitpold Pharmaceuticals Inc. (LPI), both of which are U.S. subsidiaries of DAIICHI SANKYO, were 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, operating income, ordinary income, and net income of these subsidiaries for the period from January to March 2006 were ¥31.5 billion, ¥9.0 billion, ¥10.5 billion, and ¥5.8 billion, respectively.</p> <p>DAIICHI SANKYO has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical business.</p> <p>In 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. and Meguro Chemical Industry Co., Ltd., etc. independent of the Group.</p> <p>The Company also made Daiichi Fine Chemical Co., Ltd., Saitama Daiichi Pharmaceuticals Ltd., Nippon Nyukazai Co., Ltd. and Sino-Japan Chemical Co., Ltd. independent of the group in FY2007.</p> <p><u>FY2008 Forecast (vs. previous year)</u></p> <p>【Negative factors】</p> <p>FY2007 results include figures of non-pharmaceutical subsidiaries which were spun off.</p> <p>The accounting period of Daiichi Sankyo Europe GmbH (DSE) was 15 months from January 2007 to March 2008 in FY2007.</p> <p>Exchange rates of the yen is ¥100 against the U.S. dollar and ¥155 against the euro, which have an aggregate impact of around ¥34 billion compared with FY2007.</p> <p>The NHI (National Health Insurance) drug price was revised in April 2008 in Japan.</p>
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2. Currency Rate

	FY2007 Results			Impact to FY2007	FY2008 Forecast		
	Original Forecast (May-07)	1st Half	Full Year		1st Half	Full Year	Impact of one yen per USD/EUR change in currency rate
JPY / USD (average)	115.0	119.3	114.3	Yen was approximately 1 yen stronger and 20 yen weaker than originally estimated against USD and EUR, respectively. The impact of gains on currency exchange was net sales of ¥11.9 billion and operating income of ¥1.7 billion.	100.0	100.0	Net Sales ¥2.1 billion Operating Income ¥0.3 billion
JPY / EUR (average)	140.0	160.4	160.5		155.0	155.0	Net Sales ¥0.5 billion Operating Income -

3. Sales of Global Products

(Billions of yen)

	FY2007 Results								YoY excluding fiscal year-end changes		FY2008 Forecast			
	1st Half	YoY	4Q	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	Full Year	1st Half	YoY	Full Year	YoY
Olmesartan <antihypertensive> (area)	96.6	15.1%	44.9	98.9	29.6%	195.6	-6.4	22.0%	32.1%	30.7%	100.0	3.5%	214.0	9.4%
Olmetec JPN	26.4	36.0%	11.2	28.8	26.2%	55.2	-5.8	30.7%			33.0	25.0%	68.0	23.2%
Benicar / Benicar HCT * US	44.5	-16.5%	19.3	43.4	10.0%	87.9	-0.9	-5.3%	18.1%	13.9%	41.0	-7.8%	84.0	-4.4%
AZOR US	-	-	0.7	2.5	-	2.5	-0.7	-	-	-	3.0	-	8.5	233.7%
Olmetec / Olmetec Plus ** EU	22.3	121.6%	11.2	19.5	56.7%	41.8	-0.2	85.6%	58.0%	57.3%	19.0	-14.7%	42.0	0.4%
Export / Asian & LA subsidiaries, etc	3.5	189.6%	2.5	4.6	188.9%	8.1	1.1	189.2%			4.0	14.2%	11.5	41.4%
Levofloxacin <synthetic antibacterial> (area)	52.9	8.4%	23.7	55.8	0.9%	108.7	-1.3	4.4%			50.0	-5.5%	104.0	-4.4%
Cravit JPN	22.1	5.1%	9.8	25.3	-1.7%	47.4	-3.6	1.4%			22.0	-0.4%	47.0	-0.8%
Export, etc	17.7	8.6%	6.6	16.3	4.8%	34.0	1.8	6.8%			16.0	-9.6%	32.0	-5.9%
Royalty	9.3	8.6%	5.4	10.2	-1.9%	19.5	0.0	2.8%			8.0	-13.7%	17.0	-12.9%
Asian subsidiaries	3.9	29.5%	1.9	3.9	11.1%	7.8	0.5	19.5%			4.0	3.0%	8.0	2.2%
Pravastatin <antihyperlipidemic> (area)	40.3	-22.4%	14.5	36.2	-13.0%	76.5	-2.5	-18.3%	-25.5%	-20.0%	33.0	-18.1%	62.5	-18.3%
Mevalotin JPN	31.7	-9.0%	11.6	29.9	-9.3%	61.6	-2.4	-9.1%			28.0	-11.6%	53.0	-13.9%
Export	2.9	-78.5%	0.7	2.1	-60.6%	5.0	-0.8	-73.4%			1.0	-65.4%	2.0	-60.1%
European subsidiaries **	4.1	26.4%	1.3	2.6	-6.2%	6.7	0.5	11.5%	-22.7%	-15.2%	2.5	-39.4%	4.5	-32.7%
Asian & LA subsidiaries	1.6	237.2%	0.8	1.6	218.2%	3.2	0.2	227.5%			1.5	-6.6%	3.0	-6.2%

* Following the change in fiscal year-end at US subsidiaries, FY2006 results for US Benicar / Benicar HCT are fifteen-months totals from Jan-06 to Mar-07. Three months results from Jan-06 to Mar-06 is ¥15.6 billion (\$135 million).

** Following the change in fiscal year-end at European subsidiaries, FY2007 results for EU Olmetec / Olmetec Plus and Pravastatin are fifteen-months totals from Jan-07 to Mar-08. Three months results from Jan-07 to Mar-07 are ¥6.4 billion (€40 million) for Olmetec / Olmetec Plus, and ¥1.6 billion (€10 million) for Pravastatin.

4. Overseas Sales

(Billions of yen)

	FY2007 Results								FY2008 Forecast					
	1st Half	YoY	4Q	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY		
Overseas sales	188.5	-3.2%	77.8	170.1	5.0%	358.6	6.6	0.5%			159.0	-15.6%	336.0	-6.3%
Overseas sales ratio	42.5%		42.2%	39.0%		40.7%	+0.6%				39.8%		40.0%	
North America	111.2	-17.6%	46.5	108.7	1.7%	219.9	-0.1	-9.1%			96.0	-13.7%	204.0	-7.2%
Europe *	56.7	27.3%	22.3	41.7	5.0%	98.5	0.5	16.8%			46.0	-18.9%	96.0	-2.5%
Asia / LA, etc	20.6	36.1%	9.0	19.7	27.7%	40.2	6.2	31.9%			17.0	-17.3%	36.0	-10.5%

* Following the change in fiscal year end at European subsidiaries, FY2007 results for Daiichi Sankyo Europe GmbH (DSE) is fifteen-months totals from Jan-07 to Mar-08. The net sales of DSE for the three months from Jan-07 to Mar-07 was ¥14.1 billion.

5. Consolidated Segment information - Operating Segment

(Billions of yen)

	FY2007 Results							
	1st Half	YoY	4Q	YoY	2nd Half	YoY	Full Year	YoY
Net Sales	443.7	-8.7%	184.3	-7.3%	436.4	-1.6%	880.1	-5.3%
Pharmaceuticals	424.0	-3.9%	175.6	3.1%	416.8	5.3%	840.8	0.4%
Domestic	214.5	-0.3%	87.0	1.8%	222.8	2.1%	437.3	0.9%
Overseas*	184.7	-0.3%	78.3	3.2%	167.8	9.7%	352.5	4.3%
OTC drugs	24.4	-0.6%	10.8	30.6%	25.9	10.8%	50.3	4.9%
Other	19.7	-55.7%	8.7	-69.6%	19.7	-59.0%	39.3	-57.4%
Operating income	93.9	19.9%	0.1	-98.8%	62.9	8.6%	156.8	15.0%
Pharmaceuticals	94.2	24.1%	-1.1	-	61.5	10.8%	155.6	18.5%
Other	-0.4	-	1.1	-	1.4	-	1.0	-

*The accounting period of Daiichi Sankyo Europe GmbH (DSE) was 15 months from January 2007 to March 2008, following a change in its fiscal year-end from December to March. The operating results of DSE for the period from January to March 2007 was net sales of ¥14.1 billion and operating income of ¥1.8 billion.

6. Consolidated Segment information - Geographic Segment

(Billions of yen)

	FY2007 Results								
	1st Half	YoY	4Q	YoY	2nd Half	YoY	Full Year	%	YoY
Net Sales	443.7	-8.7%	184.3	-7.3%	436.4	-1.6%	880.1	100.0%	-5.3%
Japan	295.4	-13.6%	123.0	-11.1%	302.8	-7.1%	598.1	68.0%	-10.4%
North America	89.7	-17.4%	37.2	-11.4%	88.3	6.5%	178.0	20.2%	-7.1%
Europe*	45.3	66.0%	18.2	28.2%	32.6	25.2%	78.0	8.9%	46.1%
Other	13.3	66.5%	5.9	36.3%	12.8	44.7%	26.1	3.0%	55.0%
Operating income	93.9	19.9%	0.1	-98.8%	62.9	8.6%	156.8		15.0%
Japan	69.4		-9.5		37.7		107.1		
North America	22.5		2.6		15.1		37.6		
Europe*	3.4		5.9		7.3		10.7		
Other	1.3		0.4		1.2		2.5		

*The accounting period of Daiichi Sankyo Europe GmbH (DSE) was 15 months from January 2007 to March 2008, following a change in its fiscal year-end from December to March. The operating results of DSE for the period from January to March 2007 was net sales of ¥14.1 billion and operating income of ¥1.8 billion.

7. Major Management / Financial Indicators

	FY2006 Results		FY2007 Results		FY2008 Forecast	
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Management Indicators						
Dividend payout ratio (Consolidated)	32.7%	55.7%	42.1%	51.7%	(95.9%)	(71.9%)
Dividend on equity (DOE)	-	3.5%	-	4.0%	-	-
Earnings per share (EPS)	91.7 yen	107.7 yen	83.2 yen	135.3 yen	(41.7 yen)	(111.3 yen)
Dividend per share	30.0 yen	60.0 yen	35.0 yen	70.0 yen	40.0 yen	80.0 yen
Dividend payment (billions of yen)	21.9 billion	43.7 billion	25.2 billion	50.3 billion	-	-
Return on equity (ROE)	-	6.3%	-	7.8%	-	-
Book value per share (BPS)	1,756.3 yen	1,740.2 yen	1,762.0 yen	1,730.1 yen	-	-
Equity ratio	78.3%	77.5%	83.6%	83.6%	-	-
Number of treasury stock purchased	25 thousand	49 thousand	10.0 million	10.0 million	-	-
Treasury stock purchase (billions of yen)	0.1 billion	0.2 billion	33.4 billion	33.4 billion	-	-
Total number of common shares	729 million	729 million	719 million	719 million	-	-
Share price at end of period	3,350 yen	3,610 yen	3,450 yen	2,945 yen	-	-
Market value (billions of yen)	2,442 billion	2,632 billion	2,481 billion	2,117 billion	-	-
Financial Indicators (billions of yen)						
Total assets	1,634.5	1,636.8	1,515.8	1,487.9		
Current assets	974.9	1,015.8	944.9	926.5		
Debt with interest	7.3	10.1	5.9	0.1		
Shareholder's equity	1,280.4	1,268.7	1,266.8	1,243.9		
CF from operating activities	69.7	106.4	-6.8	66.7		
CF from investing activities	-32.7	45.3	5.6	-49.4		
CF from financial activities	-23.2	-40.8	-59.5	-82.9		
Free cash flow**	37.0	151.7	-1.2	17.3		
Cash and cash equivalents, end of year	415.8	513.2	453.9	444.3		
Liquidity on hand***	615.5	707.7	652.6	665.5		
Others						
Number of consolidated subsidiaries	54	54	46	43		
Number of employees	18,604	15,358	15,655	15,349		
(Japan)	13,678	10,379	9,635	9,048		
(Overseas)	4,926	4,979	6,020	6,301		

* excluding treasury stock

** CF from operating activities + CF from investing activities

*** Current deposits + marketable securities + investment securities, etc

8. Capital Expenditure and Depreciation Expense

(Billion of yen)

	FY2006 Results		FY2007 Results		FY2008 Forecast
	1st Half	Full Year	1st Half	Full Year	Full Year
Depreciation expense	19.0	39.9	18.8	38.7	38.5
Capital expenditure	13.5	31.5	12.8	21.1	18.0

9. Number of Shares Held and Shareholders by Category

	As of March 31, 2007			As of Sep. 30, 2007			As of March 31, 2008		
	Number of shareholders	Number of shares (million)	%	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares (million)	%
Government and public	1	0	0.0%	1	0	0.0%	1	0	0.0%
Financial institutions	186	347	47.4%	192	343	46.7%	187	350	47.8%
Financial instruments firms	58	12	1.8%	65	17	2.4%	45	19	2.7%
Corporate investors	647	49	6.7%	653	44	6.0%	673	44	6.1%
Foreign investors	638	234	31.9%	614	221	30.2%	653	212	29.0%
individuals	52,290	89	12.2%	58,079	91	12.5%	56,944	89	12.2%
Treasury stock	1	0	0.0%	1	16	2.2%	1	16	2.2%
Total	53,821	733	100.0%	59,605	733	100.0%	58,504	733	100.0%

10. Status of Major Companies

10-1. Daiichi Sankyo Co., Ltd.

1) Sales of Major Pharmaceuticals

		(Billions of yen)										
		FY2007 Results					FY2008 Forecast					Remarks
		2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	(FY2006 Results ==> FY2007 Results)	
Total net sales of ethical pharmaceuticals		216.1	0.9%	427.1	-15.9	1.6%	200.0	-5.2%	420.0	-1.7%		
Cardiovascular disease		120.2	0.8%	242.5	-	2.6%	122.0	-0.2%	245.0	1.0%		
Olmetec	<antihypertensive>	28.8	26.2%	55.2	-5.8	30.7%	33.0	25.0%	68.0	23.2%	Highly regarded for its strong antihypertensive effects and vascular protection, prescriptions including combination therapy with other drugs are increasing.	
Calblock	<antihypertensive>	5.4	15.5%	10.2	-1.3	16.3%	7.0	44.4%	14.0	37.1%	With its effects in renal protection, combined prescriptions with ARB in hypertensive patients who also suffer from chronic kidney disease (CKD) are increasing.	
Artist	<antihypertensive>	10.6	8.9%	21.1	-0.9	9.6%	11.0	4.2%	22.0	4.1%	Despite the shrinking market, as the only β-blocker indicated for chronic heart failure, Artist increased prescriptions mainly in cardiac area. Artist keeps the largest market share among the same class.	
Mevalotin	<antihyperlipidemic agent>	29.9	-9.3%	61.6	-2.4	-9.1%	28.0	-11.6%	53.0	-13.9%	Evidence of "MEGA Study", a large-scale study for Japanese, incorporated into the guidelines, Mevalotin enjoyed the opportunity to be prescribed to new patients. However, sales declined due to intensive competition with other drugs and generics.	
Kremezin	<treatment for chronic renal failure>	6.2	1.8%	12.4	-0.6	1.7%	6.0	-2.6%	14.0	13.0%	Prescription increased after the CKD Diagnosis Guide recommended prescriptions of oral absorbents to patients suffering severe symptoms.	
Hanp	<treatment for acute cardiac failure>	5.3	5.3%	9.8	-0.2	6.4%	5.0	11.0%	10.0	2.3%	As the first choice for acute heart failure, prescription increased with the improved positioning of Hanp in the revised guidelines for acute heart failure.	
Livalo	<antihyperlipidemic agent>	2.8	5.9%	5.5	-0.5	6.3%	3.0	14.1%	8.0	46.6%	Prescriptions and the number of hospitals using Livalo increased, with the appropriate proposals in the dyslipidemia treatment as the pioneer manufacturer of statins.	
Sunrythm	<antiarrhythmic agent>	5.9	1.5%	12.1	0.1	3.0%	7.0	13.6%	12.0	-0.7%	Effects to stop atrial fibrillation (AF) and to prevent its recurrence, has helped increase the number of the prescriptions in patients with AF.	
Fastic	<antidiabetic agent>	2.6	-4.9%	5.2	0.2	-4.0%	3.0	14.4%	6.0	15.8%	Sales declined from the level of the previous year. Yet, Fastic maintains its dominant share of the market of glinide preparations.	
Infectious diseases / bone and joint diseases / immunological allergic diseases / urology		73.6	0.2%	137.9	-	1.0%	64.0	-0.4%	136.0	-1.4%		
Cravit	<synthetic antibacterial agent>	25.3	-1.7%	47.4	-3.6	1.4%	22.0	-0.4%	47.0	-0.8%	Despite the launch of competing new quinolone, the number of Cravit prescriptions is increasing due to its firmly established reputation for safety and antibacterial effects.	
Loxonin	<anti-inflammatory analgesic>	17.2	7.7%	33.6	-1.4	8.7%	19.0	15.9%	39.0	16.0%	Sales have increased for both oral and polutice formulation thanks to the advantage of its excellent brand awareness and product characteristic.	
Mobic	<anti-inflammatory analgesic>	4.9	-7.5%	10.2	-1.3	-4.0%	6.0	11.4%	11.0	7.3%	Sales declined due to the launch of COX-2 inhibitor from competitor.	
Urief	<treatment for dysuria>	3.1	155.3%	5.4	-2.1	139.3%	4.0	72.0%	9.0	66.2%	Prescriptions and the number of hospitals using Urief increased after the dismantling of prescription limitation. Urief gained the third largest share among same class at the end of fiscal 2007.	
Zyrtec	<antiallergic agent>	6.3	-8.4%	10.8	0.8	-9.5%	4.0	-11.5%	9.0	-16.9%	Sales declined due to the launch of generics from 29 different companies.	
Contrast agents / cancer / gastric diseases		28.4	-7.8%	58.6	-	-6.4%	26.0	-14.1%	52.0	-11.3%		
Omnipaque	<contrast agent>	15.2	0.4%	31.2	-0.8	-1.2%	14.0	-12.0%	28.0	-10.1%	Under the stagnant market situation, sales declined due to increased prescriptions of generics in comprehensive medicine.	
Topotecin	<anticancer agent>	3.1	10.0%	6.2	0.2	13.8%	3.0	-3.3%	6.0	-2.8%	Thanks to the addition to the drug therapy recommendations made at every stage of treatment, prescriptions of Topotecin has increased.	

2) Export Sales of Major Products *

		(Billions of yen)										
		FY2007 Results					FY2008 Forecast					Remarks
		2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	(FY2006 Results ==> FY2007 Results)	
Levofloxacin	<synthetic antibacterial agent>	16.0	2.3%	33.5	-	5.6%	16.0	-8.2%	32.0	-4.3%	Levofloxacin has enjoyed consistent local sales centering in the US and Europe.	
Pravastatin	<antihyperlipidemic agent>	2.1	-60.6%	5.0	-	-73.4%	1.0	-65.4%	2.0	-60.1%	Declined after its patents expired around the world.	

* Export sales of Levofloxacin and Pravastatin are recalculated on the consolidated basis.
Non-consolidated FY2007 results are ¥33.9 billion and ¥6.4 billion, respectively.

3) Number of Employees

		FY2007 Results	
		Sep-07	Mar-08
Daiichi Sankyo Co., Ltd. Total		5,964	5,925
MRs		2,400	2,400

10-2. Daiichi Sankyo Healthcare Co., Ltd

1) Sales of Major OTC Products

(Billions of yen)

	FY2007 Results					FY2008 Forecast				Remarks (FY2006 Results ==> FY2007 Results)
	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	
Daiichi Sankyo Healthcare Co., Ltd	25.9	10.8%	50.3	-1.7	4.9%	26.0	6.4%	54.0	7.3%	
LuLu Series	5.2	9.7%	10.0	-0.7	-0.5%	5.0	3.5%	10.3	3.2%	Sales of the drug have remained constant. At stores, however, the series sold consistently because of the strong sales of <i>New Lulu A Gold Sairyu</i> (fine-grained) that went on sale in Oct-07 and <i>New Lulu A</i> , the staple.
Gaster 10	1.8	-5.8%	3.5	-0.2	-3.0%	1.7	0.3%	3.8	9.1%	Despite a slight decline in sales, <i>Gaster 10</i> has sold well at stores mainly because <i>Gaster 10S</i> tablets, characterized by water-free medication, have gained a considerable population of users.
Shin-Sankyo Ichoyaku series	2.1	41.5%	3.5	0.2	17.5%	1.6	20.1%	3.5	0.8%	Sales increased after the launch of <i>Shin-Sankyo Ichoyaku Plus</i> . The new product is designed to act not only on the stomach but also on the bowels.
Patecs series	1.2	49.5%	3.0	-0.2	56.6%	1.5	-18.4%	3.0	0.1%	The market of felbinac has significantly grown in recent years. The introduction of <i>Patecs Felbinac</i> series (5, 35, and polutice) in the market contributed to a significant increase in sales.
Transino	1.2	-	2.6	-0.8	-	2.0	40.1%	5.0	91.5%	Characterized by its new efficacy, <i>Transino</i> went on sale in Sep-07 and has successfully created new storefront markets through education concerning chloasma and other efforts. Sales of <i>Transino</i> are consistently growing.

2) Number of Employees

	FY2007 Results	
	Sep-07	Mar-08
Daiichi Sankyo Healthcare Co., Ltd	394	396
MRs	150	150

10-3. Daiichi Sankyo, Inc. (US)

1) Net Sales of Major Products

(Billions of yen)

	FY2007 Results					FY2008 Forecast			
	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY
Daiichi Sankyo, Inc. (DSI)	61.8	8.7%	126.9	-4.1	-2.7%	59.0	-9.4%	129.0	1.7%
mil USD	565	17.7%	1,110	-11	-0.4%	590	8.1%	1,290	16.2%
Benicar / Benicar HCT <antihypertensive>	43.4	10.0%	87.9	-0.9	-5.3%	41.0	-7.8%	84.0	-4.4%
mil USD	396	19.0%	769	13	-3.0%	410	10.0%	840	9.2%
Azor <antihypertensive>	2.5	-	2.5	-0.7	-	3.0	-	8.5	233.7%
mil USD	22	-	22	-6	-	30	-	85	281.3%
Welchol <antihyperlipidemic / type 2 diabetes>	11.3	12.3%	22.7	-1.3	-2.1%	11.5	0.9%	25.0	10.0%
mil USD	103	21.3%	199	-6	0.2%	115	20.4%	250	25.7%

* Following the change in fiscal year-end, FY2006 results for DSI, Benicar / Benicar HCT, and Welchol are fifteen-months totals from Jan-06 to Mar-07. Three months results from Jan-06 to Mar-06 are ¥19.5 billion (\$169 million), ¥15.6 billion (\$135 million), and ¥3.9 billion (\$33 million), respectively.

2) Number of Employees

	FY2007 Results	
	Sep-07	Mar-08
Daiichi Sankyo, Inc. Total	2,173	2,446
MRs	1,350	1,550

10-4. Luitpold Pharmaceuticals, Inc. (US)

1) Net Sales of Major Products

(Billions of yen)

	FY2007 Results					FY2008 Forecast			
	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY
Luitpold Pharmaceuticals, Inc. (LPI)	26.5	1.5%	51.1	4.1	-16.3%	20.0	-18.7%	40.0	-21.7%
mil USD	241	9.3%	447	44	-14.3%	200	-3.0%	400	-10.5%
Venofer <treatment for iron deficiency anemia>	16.3	-4.5%	31.1	2.6	-17.6%	11.5	-22.1%	23.0	-26.0%
mil USD	148	2.7%	272	27	-15.6%	115	-7.1%	230	-15.4%

* Following the change in fiscal year-end, FY2006 results for LPI and Venofer are fifteen-months totals from Jan-06 to Mar-07. Three months results from Jan-06 to Mar-06 are ¥12.0 billion (\$103 million) and ¥6.8 billion (\$59 million), respectively.

2) Number of Employees

	FY2007 Results	
	Sep-07	Mar-08
Luitpold Pharmaceuticals, Inc. Total	472	498
MRs	90	90

10-5. Daiichi Sankyo Europe GmbH

1) Net Sales of Major Products

(Billions of yen)

	FY2007 Results					FY2008 Forecast			
	2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY
Daiichi Sankyo Europe GmbH (DSE)	32.7	29.8%	78.0	1.0	51.0%	37.0	-18.3%	79.0	1.3%
mil €	203	21.6%	486	-2	37.5%	240	-15.1%	510	5.0%
Olmotec / Olmetec Plus <antihypertensive>	19.5	56.7%	41.8	-0.2	85.6%	19.0	-14.7%	42.0	0.4%
mil €	122	45.7%	261	-6	69.0%	125	-10.0%	270	3.6%
Mevalotin <antihyperlipidemic agent>	2.6	-6.2%	6.7	0.5	11.5%	2.5	-39.4%	4.5	-32.7%
mil €	16	-11.8%	42	2	1.5%	16	-37.8%	30	-28.0%
Evista <osteoporosis>	2.7	56.7%	5.2	-	87.1%	7.5	191.8%	15.0	186.0%
mil €	17	45.0%	33	-	70.4%	48	199.5%	96	193.8%

* Following the change in fiscal year-end, FY2007 results for DSE, Olmetec / Olmetec Plus, Mevalotin and Evista are fifteen-months totals from Jan-07 to Mar-08. Three months results from Jan-07 to Mar-07 are ¥14.1 billion (€89 million), ¥6.4 billion (€40 million), ¥1.6 billion (€10 million), and ¥1.0 billion (€6 million), respectively.

2) Number of Employees

	FY2007 Results	
	Sep-07	Mar-08
Daiichi Sankyo Europe GmbH Total	1,723	1,776
MRs	830	830

10-3. Daiichi Sankyo, Inc. (US) <excluding the effect of change in fiscal-year end in FY2006>

1) Net Sales of Major Products		(Billions of yen)									
		FY2007 Results					FY2008 Forecast				Remarks (FY2006 Results ==> FY2007 Results)
		2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	
Daiichi Sankyo, Inc. (DSI)		61.8	8.7%	126.9	-4.1	14.4%	59.0	-9.4%	129.0	1.7%	
mil USD		565	17.7%	1,110	-11	17.4%	590	8.1%	1,290	16.2%	
Benicar / Benicar HCT	<antihypertensive>	43.4	10.0%	87.9	-0.9	13.9%	41.0	-7.8%	84.0	-4.4%	Plus ¥10.8 billion (\$111 million) in a real term comparison. Numerous promotional activities and growing awareness of product characteristics have helped the product continue to grow at a faster rate than the market.
mil USD		396	19.0%	769	13	16.9%	410	10.0%	840	9.2%	
Azor	<antihypertensive>	2.5	-	2.5	-0.7	-	3.0	-	8.5	233.7%	Promotional activities started in Oct-07 with strengthened sales force. Intense competition with competitors including generic amlodipine has caused a delay in the development of CCB+ARB combo market.
mil USD		22	-	22	-6	-	30	-	85	281.3%	
Welchol	<antihyperlipidemic / type 2 diabetes>	11.3	12.3%	22.7	-1.3	17.8%	11.5	0.9%	25.0	10.0%	Plus ¥3.4 billion (\$34 million) in a real term comparison. Sales rose with the increased promotions and the additional indication for type 2 diabetes obtained in Jan-08.
mil USD		103	21.3%	199	-6	20.8%	115	20.4%	250	25.7%	

10-4. Luitpold Pharmaceuticals, Inc. (US) <excluding the effect of change in fiscal-year end in FY2006>

1) Net Sales of Major Products		(Billions of yen)									
		FY2007 Results					FY2008 Forecast				Remarks (FY2006 Results ==> FY2007 Results)
		2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	
Luitpold Pharmaceuticals, Inc. (LPI)		26.5	1.5%	51.1	4.1	4.1%	20.0	-18.7%	40.0	-21.7%	
mil USD		241	9.3%	447	44	6.8%	200	-3.0%	400	-10.5%	
Venofer	<treatment for iron deficiency anemia>	16.3	-4.5%	31.1	2.6	0.9%	11.5	-22.1%	23.0	-26.0%	Plus ¥300 million (\$9 million) in a real term comparison. Sales remained at the same level as that of the previous year partly because of the absence of generic launch.
mil USD		148	2.7%	272	27	3.5%	115	-7.1%	230	-15.4%	

10-5. Daiichi Sankyo Europe GmbH <excluding the effect of change in fiscal-year end in FY2007>

1) Net Sales of Major Products		(Billions of yen)									
		FY2007 Results					FY2008 Forecast				Remarks (FY2006 Results ==> FY2007 Results)
		2nd Half	YoY	Full Year	From Jan. Forecast	YoY	1st Half	YoY	Full Year	YoY	
Daiichi Sankyo Europe GmbH (DSE)		32.7	29.8%	63.9	1.0	23.6%	37.0	18.7%	79.0	23.7%	
mil €		203	21.6%	397	-2	12.4%	240	23.7%	510	28.4%	
Olmotec / Olmetec Plus	<antihypertensive>	19.5	56.7%	35.4	-0.2	57.3%	19.0	19.6%	42.0	18.6%	Plus ¥12.9 billion (Eur 66 million) in a real term comparison. In addition to the growth in Olmetec, launches of Olmetec Plus, a combination with dircetic were completed in major countries by the end of fiscal 2007.
mil €		122	45.7%	220	-6	43.0%	125	26.4%	270	22.5%	
Mevalotin	<antihyperlipidemic agent>	2.6	-6.2%	5.1	0.5	-15.2%	2.5	-1.0%	4.5	-11.6%	Minus ¥900 million (Eur 9 million) in a real term comparison. Sales to affiliates and partners both dropped.
mil €		16	-11.8%	32	2	-22.9%	16	1.9%	30	-5.2%	
Evista	<osteoporosis>	2.7	56.7%	4.3	-	52.4%	7.5	369.7%	15.0	251.1%	Sales have increased since it was launched in 2006. Sales territory was drastically expanded from eight to 34 countries in Feb-08.
mil €		17	45.0%	27	-	38.6%	48	383.4%	96	261.2%	

10-6. Asia / Latin America (ASCA)

1) Net Sales by Companies

(Billions of yen)

DAIICHI SANKYO BRASIL FARMACÊUTICA	FY2007 Results				FY2008 Forecast			
	2nd Half	YoY	Full Year	YoY	1st Half	YoY	Full Year	YoY
ASCA Total	11.1	-	21.0	-	11.0	10.8%	23.0	9.5%
Daiichi Pharmaceutical (Beijing) Co., Ltd. (DPP)	2.2	36.2%	4.1	38.7%	2.1	10.2%	4.0	-1.5%
Shanghai Sankyo Pharmaceuticals Co., Ltd. (SSP)	1.2	19.3%	2.3	26.4%	1.8	56.9%	3.7	62.6%
Daiichi Sankyo Korea Co., Ltd. (DSKR)	1.7	87.3%	3.4	96.8%	1.5	-13.8%	3.0	-11.9%
Daiichi Sankyo (Thailand) Ltd. (DSTH)	0.5	5.1%	0.8	13.2%	0.4	4.2%	0.8	-4.1%
Daiichi Sankyo Taiwan Ltd. (DSTW)	1.8	-	3.7	-	2.0	4.4%	3.9	5.9%
Daiichi Sankyo Brasil Farmacêutica Ltda. (DSBR)	2.5	-	4.4	-	2.3	18.4%	5.0	13.7%
Daiichi Sankyo Venezuela, S.A. (DSVE)	1.4	-	2.4	-	1.0	3.0%	2.4	2.1%

2) Sales of Major Products

(Billions of yen)

	FY2007 Results				FY2008 Forecast			
	2nd Half	YoY	Full Year	YoY	1st Half	YoY	Full Year	YoY
Olmesartan	2.5	1224.0%	4.2	1266.4%	2.5	50.0%	6.0	42.5%
Levofloxacin	3.9	11.1%	7.8	19.5%	4.0	3.0%	8.0	2.2%
Pravastatin	1.6	218.2%	3.2	227.5%	1.5	-6.6%	3.0	-6.2%

3) Number of Employees

	FY2007 Results (Mar-08)	
	Total	MRs
Daiichi Pharmaceutical (Beijing) Co., Ltd. (DPP)	443	143
Shanghai Sankyo Pharmaceuticals Co., Ltd. (SSP)	456	196
Daiichi Sankyo Hong Kong Ltd. (DSHK)	7	-
Daiichi Sankyo Korea Co., Ltd. (DSKR)	89	51
Daiichi Sankyo (Thailand) Ltd. (DSTH)	46	18
Daiichi Sankyo Taiwan Ltd. (DSTW)	150	65
Daiichi Sankyo Brasil Farmacêutica Ltda. (DSBR)	266	118
Daiichi Sankyo Venezuela, S.A. (DSVE)	123	70
Daiichi Sankyo India Pharma Pvt Ltd. (DSIN)	5	-

11. Consolidated Balance Sheets

<ASSETS>

	2007.3.31		2008.3.31		Change	Details
		%		%		
Current assets	1,015.8	62.1%	926.5	62.3%	-89.3	
Cash and time deposits	172.6		47.3		-125.3	Liquidity on hand (current deposits + marketable securities + investment securities)
Trade notes and accounts receivable	197.2		167.0		-30.2	Total ¥665.5 billion (¥-42.2 billion from the end of fiscal 2007)
Marketable securities	448.9		526.8		77.9	<Breakdown>
Inventories	107.8		98.2		-9.6	¥+97.7 billion in net income, ¥-47.0 billion from dividends paid
Deferred tax assets	63.4		52.7		-10.7	¥-33.4 billion from share buybacks
Other current assets	26.8		34.9		8.1	¥-62.3 billion due to payment of accounts payable
Allowance for doubtful accounts	-0.7		-0.3		0.4	
Non-current assets	621.0	37.9%	561.4	37.7%	-59.6	
Property, plant and equipment	248.9	15.2%	221.3	14.9%	-27.6	Decrease due to exclusion* of subsidiaries from consolidation
Buildings and structures	142.5		136.8		-5.7	
Machinery, equipment and vehicles	40.0		33.2		-6.9	
Land	38.0		33.1		-4.9	
Construction in progress	12.0		2.9		-9.1	
Other	16.3		15.2		-1.0	
Intangible assets	60.2	3.7%	91.1	6.1%	30.9	
Goodwill, net	18.6		15.4		-3.2	
Other intangible assets, net	41.6		75.7		34.1	Due to acquisition of the European rights for Evista, a medication for osteoporosis
Investments and other assets	312.0	19.0%	249.0	16.7%	-63.0	
Investment securities	262.2		216.0		-46.2	Decrease of market value
Long-term loans	1.6		1.3		-0.3	
Prepaid pension costs	18.0		8.0		-10.0	Decrease due to modification of severance and retirement plan (Setoff against accrued severance and retirement benefits)
Deferred tax assets	8.9		6.0		-2.9	
Other assets	21.6		18.0		-3.6	
Allowance for doubtful accounts	-0.4		-0.4		0.1	
Total assets	1,636.8	100.0%	1,487.9	100.0%	-148.9	

<LIABILITIES AND NET ASSETS>

	2007.3.31		2008.3.31		Change	Details
		%		%		
Liabilities	364.7	22.3%	243.4	16.4%	-121.3	
Current liabilities	281.5	17.2%	194.5	13.1%	-87.0	
Trade notes and accounts payable	56.4		46.4		-10.0	Decrease due to exclusion* of subsidiaries from consolidation
Short-term bank loans	8.6		0.1		-8.5	
Income taxes payable	27.6		18.7		-8.9	
Allowance for sales returns	1.3		0.8		-0.6	
Allowance for sales rebates	2.5		0.8		-1.7	
Allowance for contingent losses	3.5		0.2		-3.3	Decrease due to payment of accrued severance and retirement benefits that was recorded at the end of fiscal 2006
Other current liabilities	181.7		127.6		-54.1	
Non-current liabilities	83.2	5.1%	48.9	3.3%	-34.3	
Long-term debt	1.5		0.0		-1.5	
Deferred tax liabilities	36.1		26.7		-9.4	
Accrued employees' severance and retirement benefits	35.1		6.8		-28.3	Decrease due to modification of severance and retirement plan (Setoff against prepaid pension costs)
Accrued directors' and corporate auditors' severance and retirement	1.0		0.1		-0.9	
Accrued soil remediation costs	4.0		1.1		-2.9	
Other non-current liabilities	5.4		14.2		8.7	
Net assets	1,272.1	77.7%	1,244.5	83.6%	-27.6	
Shareholders' equity	1,191.3	72.8%	1,211.6	81.4%	20.3	
Common stock	50.0		50.0		-	
Capital surplus	179.9		179.9		0.0	Retained earnings increase ¥+53.6 billion
Retained earnings	971.5		1,025.1		53.7	<Variation factors>: Net income ¥+97.7 billion, Dividend ¥-47.0 billion
Treasury stock at cost	-10.0		-43.4		-33.4	Share buyback: 10 million shares, ¥33.2 billion
Valuation and other adjustments	77.3	4.7%	32.3	2.2%	-45.0	
Net unrealized gain on investment securities	72.4		48.5		-23.8	Decrease of market value
Foreign currency translation adjustments	5.0		-16.3		-21.2	Decrease from currency fluctuation
Share subscription rights	-	-	0.3	0.0%	0.3	
Minority interests	3.5	0.2%	0.4	0.0%	-3.1	
Total liabilities and net assets	1,636.8	100.0%	1,487.9	100.0%	-148.9	

* DAIICHI SANKYO has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical business. In FY2007, the Company completed various movements which made subsidiaries such as Daiichi Fine Chemical Co., Ltd., Saitama Daiichi Pharmaceuticals Ltd, and Nippon Nyukazai Co., Ltd., etc. independent of the Group.

12. Consolidated Statements of Income

(Billions of yen)

	FY2006		FY2007		Change	Details
		%		%		
Net sales	929.5	100.0%	880.1	100.0%	-49.4	----- Decrease due to downsizing of the non-pharmaceutical operations : <u>¥-72.2 billion</u> Impact of change in fiscal year-end of the U.S./EU subsidiaries: <u>¥-17.4 billion</u> (U.S.: fiscal 2006, Europe: fiscal 2007) Increase of main products centering on Olmesartan: <u>¥+40.2 billion</u>
Cost of sales	265.2	28.5%	234.6	26.7%	-30.6	----- Cost to sales ratio: -1.8 points Exclusion* of non-pharmaceutical subsidiaries with high cost ratios
Gross profit	664.3	71.5%	645.5	73.3%	-18.8	
Selling, general and administrative expenses	528.0	56.8%	488.7	55.5%	-39.3	----- Decrease due to spin-off of non-pharmaceutical business: <u>¥-22.9 billion</u>
Advertising and promotional expenses	100.7		109.1		8.4	Impact of change in fiscal year-end of the U.S./EU subsidiaries: <u>¥-8.8 billion</u>
Salaries and bonuses	104.1		91.2		-12.9	----- Decrease due to workforce downsizing in Japan
Severance and retirement costs	7.6		0.2		-7.3	} Decrease due to the one-time depreciation of prior service costs arose following the revision of retirement benefit and pension plans: <u>¥-9.5 billion</u>
Research and development expenses	170.7		163.5		-7.2	
Other	145.0		124.7		-20.3	----- Decrease of depreciation cost and rent, etc.
Operating income	136.3	14.7%	156.8	17.8%	20.5	
Non-operating income:	20.0	2.2%	17.0	1.9%	-3.0	
Interest income	7.7		8.6		0.9	
Dividend income	3.5		3.3		-0.3	
Derivative income	2.6		-		-2.6	
Non-operating expenses	4.2	0.5%	4.8	0.5%	0.5	
Interest expense	0.3		0.1		-0.1	
Valuation losses on derivatives	-		0.7		0.7	----- Linked to stock price (synthetic stock options in DSI in the US)
Ordinary income	152.1	16.4%	169.1	19.2%	17.0	
Extraordinary gains	73.5	7.9%	16.1	1.9%	-57.4	
Gain on sale of non-current assets	4.3		6.6		2.3	
Gain on sale of investments in affiliates	59.3		8.7		-50.6	----- Decrease in sales of subsidiaries associated with spin-off of non-pharmaceutical operations *
Gain on sale of investment securities	8.2		0.3		-8.0	
Extraordinary losses	98.7	10.6%	18.3	2.1%	-80.3	
Loss on business integration	82.5		10.0		-72.5	----- Decrease of expenses from payment of supplemental retirement program and others associated with merger
Loss on business restructuring	3.6		2.2		-1.4	
Litigation-related losses	-		1.6		1.6	
Provision for contingent losses	0.2		0.2		0.0	
Income before income taxes and minority interests	126.9	13.7%	166.9	19.0%	39.9	
Income tax expense	48.1	5.2%	69.1	7.9%	21.0	----- Corporate tax rate: 37.9% → 41.4%
Minority interests in net income of subsidiaries	0.3	0.0%	0.1	0.0%	-0.2	(FY2006: Tax benefit received by US subsidiary based on losses carried forward)
Net income	78.5	8.5%	97.7	11.1%	19.1	

* DAIICHI SANKYO has been in the process of making non-pharmaceutical operations independent of the Group in order to focus resources on the pharmaceutical business. In FY2007, the Company completed various movements which made subsidiaries such as Daiichi Fine Chemical Co., Ltd., Saitama Daiichi Pharmaceuticals Ltd, and Nippon Nyukazai Co., Ltd., etc. independent of the Group.

13. Consolidated Statements of Cash Flows

(Billions of yen)

	FY2006	FY2007	Change	Details
Income before income taxes and minority interests	126.9	166.9	39.9	
Depreciation	40.0	38.7	-1.3	
(Gain) loss on sales of investments in affiliates	-59.3	-8.7	50.6	Progress in spin-off of non-pharmaceutical operations
Decrease in accrued severance and retirement benefits	-28.5	-26.8	1.7	
(Increase) decrease in prepaid pension costs	-0.7	9.9	10.7	
Decrease in trade notes and accounts receivable	16.8	7.6	-9.2	
(Increase) decrease in inventories	1.7	-4.5	-6.2	
Increase (decrease) in trade notes and accounts payable	3.3	-0.3	-3.6	
Increase (decrease) in accounts payable and accrued expense	56.6	-54.1	-110.6	Decrease from payment of accrued severance and retirement benefits due to workforce resizing and employment transfer to function-based subsidiaries, etc
Other, net	11.8	-1.5	-13.3	
Income taxes paid	-62.0	-60.5	1.4	
I. Cash flows from operating activities	106.4	66.7	-39.8	
Net decrease (increase) in short-term operating assets	15.6	-24.4	-40.0	Increased investment activity in US subsidiary
Acquisition/sales of fixed assets	-31.5	-43.2	-11.7	Acquisition of the right to expand of marketing area for Evista
Acquisition/sales of investment securities	-23.3	-1.6	21.7	
Net decrease (increase) in loans receivable	20.7	8.7	-12.0	
Acquisition of investments in newly consolidated subsidiaries	-27.2	-	27.2	FY2006: Acquisition of shares of Zepharmia Inc.
Proceeds from sales of investments in consolidated subsidiaries resulting in changes in scope of consolidation	91.0	22.3	-68.8	Fiscal 2006: Wakodo Fiscal 2007: Daiichi Fine Chemical Saitama Daiichi Pharmaceutical Nippon Nyukazai Co., Ltd., etc.
Other, net	0.0	-11.1	-11.2	
II. Cash flows from investing activities	45.3	-49.4	-94.7	
Net increase (decrease) in short-term borrowings and long-term debt	1.0	-2.4	-3.4	
Purchases of treasury stock	-0.2	-33.4	-33.2	Acquired 10 million shares for ¥33.2 billion
Dividends paid	-40.0	-47.0	-7.0	Dividend increase of 10 yen per share in real terms
Other, net	-1.6	-0.1	1.5	
III. Cash flows from financing activities	-40.8	-82.9	-42.1	
IV. Effect of exchange rate changes on cash and cash equivalents	0.4	-4.7	-5.1	
V. Net increase (decrease) in cash and cash equivalents	111.4	-70.4	-181.8	
VI. Cash and cash equivalents, beginning of year	401.0	513.2	112.2	
VII. Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	0.9	0.5	-0.4	
VIII. Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries	-	1.0	1.0	
IX. Cash and cash equivalents, end of year	513.2	444.3	-68.9	

14. Major R&D Pipeline

Daiichi Sankyo Group Major Research & Development Pipeline (Development Stage)

Therapeutic Area	Main Existing Product	Phase1	Phase2
Cardiovascular diseases	Mevalotin Benicar/Olmetec Azor Welchol Olmetec Calblock Artist Mevalotin Kremezin Hanp Livalo Sunrythm Bepricor	DZ-697b(US/EU/JP) (anti-platelet agent) DB-772d(US/EU) (oral factor Xa inhibitor) CS-8080(US/EU) (anti-arteriosclerosis)	DU-176b(US/EU/JP) (oral factor Xa inhibitor) ★CS-888CMB(JP) (Olmesartan/Hydrochlorothiazide combination) CS-747(JP) (Prasugrel/anti-platelet agent)
Glucose metabolic disorders	Fastic	AJD101(US/EU) (activation of the insulin signaling pathway)	CS-011(JP) (Rivoglitazone/ glitazone agent that improves insulin resistance) AJD101(JP) (activation of the insulin signaling pathway)
Infectious diseases	Levaquin / Tavanic Banan Cravit	DC-159a(US/EU) (new quinolone) CS-8958(US/EU) (anti-influenza/co-development with Biota)	DU-6850a inj(US) (new quinolone) CS-023(US/EU/JP) (carbapenem-type antibiotic) CS-8958(JP) (anti-influenza)
Cancer	Topotecin Krestin	CS-7017(US) (PPAR γ activator) DE-766(JP) (Nimotuzumab/anti-EGFR antibody)	CS-1008(US) (anti-DR5 antibody)
Immunological allergic diseases	Zyrtec	CS-0777(US/EU) (immunomodulator) <u>SUN 13834(US)</u> (Chymase inhibitor)	
Bone/Joint diseases	Loxonin Mobic		
Others	Venofer Evoxac Omnipaque Omniscan Feron Urief		SUN11031(JP) (Human ghrelin/anorexia nervosa) SUN11031(US/EU) (Human ghrelin/cachexia)

★additional indications, new formulations etc.

Change from the announcement of February 2008 with RD meeting

- # New(underline) : SUN13834(US/EU)
- # Withdrawal of Development etc. : DZ-697b(US/EU/JP) [[DAIICHI SANKYO Group withdrew from this project because it did not satisfy the criteria in Phase1 trials.]
- : DU-6859a inj (US) [DAIICHI SANKYO Group withdrew from this project based on portfolio of research and development.]
- : CS-023(US/EU/JP) [Under consideration of license activity]
- : DC-159a(US/EU) [Under consideration of license activity]

Sales tie-up, License activity etc.

	Phase1	Phase2
	HGF DNA therapy(US/EU) (coronary arterial diseases/ sales agreement) SUN E7001(JP)(type2 diabetes/ during license activity) SUN N8075(US/EU)(neuroprotectant/ licensed-out to Cecoura)	HGF DNA therapy(US/EU)(peripheral arterial diseases/ sales agreement) SUN 4936h(US/EU)(acute heart failure/ during license activity) SUN E3001(JP)(osteoporosis/ during license activity) SUN N4057(US/EU)(Serotonin 1A receptor agonist) CS-088(US/EU/JP) (antiglaucoma/ co-development with Santen)

* SUN E7001: Termination of license activity

* SUN 4936h, SUN E3001: Termination of license activity

Phase3	Application
<p>★CS-866DM(JP) (Olmesartan Medoxomil/diabetic nephropathy)</p> <p>★CS-866AZ(JP) (Olmesartan Medoxomil/Azelinidipine combination)</p> <p>★CS-8635(US) (Olmesartan Medoxomil/Amlodipine Besilate/Hydrochlorothiazide combination)</p>	<p>CS-747(US/EU) (Prasugrel/anti-platelet agent)</p> <p>★CS-8663(EU) (Olmesartan Medoxomil/Amlodipine Besilate combination)</p>
<p>CS-011(US/EU) (Rivoglitazone/ glitazone agent that improves insulin resistance)</p>	
<p>★levofloxacin inj(JP) (new quinolone)</p>	<p>DU-6859a oral(JP) (GRACEVIT/new quinolone/approval)</p> <p>★levofloxacin high-dose(JP) (new quinolone)</p>
<p>AMG162(JP) (Denosumab/ anti-RANKL antibody/ P3; bone metastases of cancer, P2; osteoporosis)</p> <p>★CS-600G(JP) (Loxoprofen/gel)</p>	<p>★LX-P(JP) (LOXONIN TAPE/co-development with Lead Chemical/approval)</p>
<p>SUN Y7017(JP) (Memantine Hydrochloride/ mild to moderate and severe dementia of Alzheimer type)</p> <p>KMD-3213(China) (Silodosin/treatment of dysuria associated with benign prostatic hyperplasia)</p>	<p>★DL-8234(JP) (FERON add indic./hepatitis C/with Ribavirin)</p> <p>★SUN 0588r(JP) (Biopten add indic./BH4 responsive hyperphenylalaninemia)</p>

Phase3	Application
<p>SUN A0026(North America) (Faropenem medoxomil/penem-type antibiotic/ licensed-out to Replidyne)</p>	<p>DF-098(JP)(ActHIB/approval)</p> <p>HGF DNA therapy(JP)(Collatogene/peripheral arterial diseases/sales agreement)</p> <p>SUN 0588r(EU)(Sapropterin Hydrochloride/hyperphenylalaninemia/ licensed-out to BioMarin)</p>

Cardiovascular diseases

[project after Phase II]

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-747	Prasugrel	Oral	Anti-platelet agent	Acute coronary syndrome	DAIICHI SANKYO, Ube Industries	US EU JP	Application Application P2
<p>[Comments]</p> <ul style="list-style-type: none"> Prasugrel works by inhibiting platelet activation and subsequent aggregation by blocking the P2Y12 adenosine diphosphate(ADP) receptor on the platelet surface. Developer: Co-development with Eli Lilly in the US and EU, DAIICHI SANKYO in Japan Application: December, 2007(US)/ February, 2008(EU) Designation of Priority Review for the New Drug Application: February, 2008(US) In Phase3 trial, Prasugrel reduced risk of major cardiovascular events by 19 percent when compared with clopidogrel, significantly improves net clinical benefit despite increased bleeding. [American Heart Association (November, 2007)] The result of Phase3 trial was that Prasugrel reduced the relative risk of coronary stent thrombosis over clopidogrel by 52 percent. In patients who received drug-eluting stent, treatment with prasugrel reduced relative risk by 64 percent over clopidogrel, and by 48 percent in patients who received bare metal stents.[Society for cardiovascular Angiography and Interventions Scientific Sessions with the American College of Cardiology's Innovation in Intervention: i2 Summit(March, 2008)] A new Phase3 trial is anticipated to begin in 2Q 2008 in patients with acute coronary syndrome(ACS) not being managed with percutaneous coronary intervention(P 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
DU-176b	-	Oral	Factor Xa inhibitor	Atrial fibrillation, Venous thromboembolism	DAIICHI SANKYO	US EU JP	P2 P2 P2
<p>[Comments]</p> <ul style="list-style-type: none"> DU-176b inhibits an anticoagulant possessing Xa factor playing an important role by the process when blood coagulates. DU-176b is an oral factor Xa inhibitor, possible once daily regimen, confirmed high oral absorption within human trials. No hepatotoxicity signals in pre-clinical and clinical trials Developer: DAIICHI SANKYO in the US, EU and Japan Summary of Phase2b results in THR(total hip replacement, US/EU) & TKR(total knee replacement, JP) Dose-dependent inhibition of VTE(venous thromboembolism) incidence Low incidence of major bleeding, including at doses with very effective VTE inhibition Phase2b trials in AF ongoing in the US and EU. Phase3 trial planned to be started in 3Q 2008. 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-8663	Olmesartan medoxomil, Amlodipine besilate	Oral	Angiotensin II receptor antagonist, Calcium channel blocker	Hypertension	DAIICHI SANKYO	EU	Application
<p>[Comments]</p> <ul style="list-style-type: none"> Combination drug of Olmesartan medoxomil(angiotensin II receptor antagonist) and Amlodipine besilate(calcium channel blocker) [US] Approval: September, 2007 / Brand name: Azor [EU] Application: September, 2007 / Brand name(schedule): Sevikar LCM of Olmesartan 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-866DM	Olmesartan medoxomil	Oral	Angiotensin II receptor antagonist	Diabetic nephropathy	DAIICHI SANKYO	JP	P3
<p>[Comments]</p> <ul style="list-style-type: none"> LCM of Olmesartan(New indication for diabetic nephropathy) Evaluate the composite renal endpoints as primary endpoint in ORIENT study the composite renal endpoints: Doubling of serum creatinine(Scr), Onset of ESRD(Scr\geq5mg/dL, dialysis, kidney transplantation), Death Application(schedule): 2009 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-866AZ	Olmesartan medoxomil, Azelnidipine	Oral	Angiotensin II receptor antagonist, Calcium channel blocker	Hypertension	DAIICHI SANKYO	JP	P3
<p>[Comments]</p> <ul style="list-style-type: none"> Combination drug of Olmesartan medoxomil(angiotensin II receptor antagonist) and Azelnidipine(calcium channel blocker) LCM of Olmesartan Application(schedule): 2009 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-866CMB	Olmesartan medoxomil, Hydrochlorothiazide	Oral	Angiotensin II receptor antagonist, Diuretic	Hypertension	DAIICHI SANKYO	JP	P2
<p>[Comments]</p> <ul style="list-style-type: none"> Combination drug of Olmesartan medoxomil(angiotensin II receptor antagonist) and Hydrochlorothiazide(diuretic) LCM of Olmesartan [US] Launch: September, 2003 [EU] Launch: June, 2005 							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-8635	Olmesartan medoxomil, Amlodipine besilate, Hydrochlorothiazide	Oral	Angiotensin II receptor antagonist, Calcium channel blocker, Diuretic	Hypertension	DAIICHI SANKYO	US	P3
<p>[Comments]</p> <ul style="list-style-type: none"> Combination drug of Olmesartan medoxomil(angiotensin II receptor antagonist), Amlodipine besilate(calcium channel blocker) and Hydrochlorothiazide(diuretic) LCM of Olmesartan Application(schedule): 2009 							

Glucosemetabolicdisorders

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-011	Rivoglitazone	Oral	Glitazone agent that improves insulin resistance	Diabetes	DAIICHI SANKYO	US EU JP	P3 P3 P2
[Comments] • A glitazone type antidiabetic drug which exhibits strong PPAR γ activity. • Summary of Rivoglitazone Ph2 trial HbA1C: Both 2 and 3 mg rivoglitazone showed significantly greater HbA1c placebo-corrected decreases from baseline than pioglitazone 45 mg. TG and HDL-C: Rivoglitazone showed greater TG reductions and HDL-C increases than pioglitazone 45 mg. • NDA Submission: 2011(US/EU), 2011(JP/Asian)							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
AJD-101	-	Oral	Activation of the insulin signaling pathway	Diabetes	Ajinomoto	US EU JP	P1 P1 P2
[Comments] • AJD-101 is an anti-diabetic drug possessing a completely new mechanism of action. • Findings from non-clinical studies suggest that AJD-101 stimulates insulin independent glucose uptake by directly activating the insulin signaling pathway. • AJD-101 has shown glucose-lowering action after oral administration in various models of diabetes. • Developer: DAIICHI SANKYO in the US and EU, Co-development with Ajinomoto in Japan							

Infectious diseases

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
DU-6859a	Sitafloxacin hydrate	Oral	New quinolone	Bacterial infections	DAIICHI SANKYO	JP	Approval
[Comments] • DU-6859a is a new quinolone that inhibits both a DNA gyrase and a topoisomerase IV. • Approval: January, 2008							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-8958	-	Inhalant	Newranibidase inhibitor	Influenza	DAIICHI SANKYO	US EU JP	P1 P1 P2
[Comments] • CS-8958 is a long-acting neuraminidase inhibitor that is expected to be used as single administration for treatment and once a week for prophylaxis. • Developer: Co-development with Biota in the US and EU, DAIICHI SANKYO in Japan • CS-8958 is under development as an inhalant that will act directly on the pulmonary and tracheal sites of infection.							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
levofloxacin high-dose	levofloxacin	Oral	New quinolone	Bacterial infections	DAIICHI SANKYO	JP	Application
[Comments] • The drug inhibits bacterial DNA composition by inhibiting a DNA gyrase activity and a topoisomerase IV activity. • Application: November, 2007 • Change of the directions and dosage(100mg, b.d. or t.d. → 500mg, o.d.) • One of levofloxacin's LCM strategies							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
levofloxacin inj	levofloxacin	Injection	New quinolone	Bacterial infections	DAIICHI SANKYO	JP	P3
[Comments] • The drug inhibits bacterial DNA composition by inhibiting a DNA gyrase activity and a topoisomerase IV activity. • New formulation(injection of levofloxacin)							

Cancer

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-1008	-	Injection	Anti-DR5 antibody	-	DAIICHI SANKYO	US	P2
[Comments] • A humanized version TRA-8, a murine agonistic Mab raised against human death receptor 5(DR5). • DR5 is rarely expressed in normal tissues, expected to show selective activity against tumor cells. • Induces apoptosis of tumor cells expressing DR5 on the cell surface.							

Bone/Joint diseases

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
AMG162	Denosumab	Injection	Anti-RANKL antibody	Osteoporosis Bone metastases of cancer	Amgen	JP JP	P2 P3
[Comments] • Denosumab is a fully human monoclonal antibody that specifically targets the receptor activator of nuclear factor kappa B ligand (RANKL), a key mediator of the resorptive phase of bone remodeling. • July, 2007 In-licensed from Amgen • Phase3 in preparation: osteoporosis (Developer:DAIICHI SANKYO) • Phase3: bone metastases of cancer(Phase3 multinational trials)							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
LX-P	Loxoprofen sodium	Tape	Anti-inflammatory and analgesic	Osteoarthritis, muscular pain, anti-inflammation/analgesia of swelling/throbbing pain after trauma	DAIICHI SANKYO	JP	Approval
[Comments] • Mechanism of action: inhibition of prostaglandin composition/ Point of action: cyclooxygenase • Approval: March, 2008 • LOXONIN TAPE is manufactured by Lead Chemical and sold by DAIICHI SANKYO. • Once per day • New formulation of LOXONIN							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
CS-600G	Loxoprofen sodium	Gel	Anti-inflammatory and analgesic	-	DAIICHI SANKYO	JP	P3
[Comments] • Mechanism of action: inhibition of prostaglandin composition/ Point of action: cyclooxygenase • Developer: DAIICHI SANKYO • Loxoprofen gel • New formulation of LOXONIN							

Others

Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
SUN Y7017	Memantine hydrochloride	Oral	NMDA receptor antagonist	Dementia of Alzheimer type	Merz	JP	P3(Mild to moderate) P3(Moderately severe to
[Comments] • 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 its neuroprotective action, which is distinct from cholinesterase inhibitors. • Developer: Asubio pharma • The phase3 trials for moderately severe to severe dementia of Alzheimer type and for mild to moderate dementia of Alzheimer type is on-going in Japan.							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
KMD-3213	Sildenafil	Oral	Selective alpha 1A blocker	Treatment of dysuria associated with benign prostatic hyperplasia	Kissei	China	P3
[Comments] • 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. • Sildenafil is marketed in Japan as brand name of URIF by DAIICHI SANKYO and Kissei. • Developer: DAIICHI SANKYO in China							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
SUN 11031	Human ghrelin	Injection	-	Cachexia Anorexia Nervosa	Asubio Pharma	US EU JP	P2 P2 P2
[Comments] • 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. • Developer: Asubio pharma in the US, EU and Japan • Phase2 trials ongoing for cachexia in the US and EU, and for anorexia nervosa in Japan.							
Development Code Number	Generic Name	Dosage Form	Class	Indication	Origin	Region	Stage
DL-8234	Interferon-β	Injection	Interferon-β	Hepatitis C (with Ribavirin)	Toray	JP	Application
[Comments] • DL-8234 is marketed in Japan as brand name of FERON. • Application: September, 2007 • Co-development with Toray • A natural interferon-beta preparation with reduced adverse reactions, such as depression and alopecia, in comparison with interferon-alpha.							



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.