



Financial Results for the 2Q of FY2008

(April 1, 2008 - September 30, 2008)

October 31, 2008

Results for 2Q FY2008 (vs 2Q FY2007)

(Billions of yen, ratio to sales)

	FY2007 1st Half Results				FY2008 1st Half Results			
	(1)	Non-Pharma Business	Impact of change in the accounting period (EU)	* Special Factors Excluded (2)	(3)	simple comparison (3)-(1)	Real term Comparison (3)-(2)	Remarks
Net Sales	100.0% 443.7	100.0% 16.4	100.0% 14.1	100.0% 413.2	100.0% 406.3	-37.4	-6.9	Negative factors such as commercial rights transfer of certain products (-7.6), loss from currency fluctuation (approximately -14.0), and NHI drug price revision has balanced out positive factors such as volume growth and lump sum payment received for Azor (+4.7)
Cost of Sales	25.5% 113.2	89.2% 14.6	25.7% 3.6	23.0% 95.0	24.0% 97.6	-15.6	2.7	+1.0pt Change in business scheme of Panaldine in Oct-07, etc.
SG&A expenses	35.7% 158.3	12.2% 2.0	58.7% 8.3	35.8% 148.0	40.5% 164.7	6.4	16.7	- Daiichi Sankyo +4.2 (temporary decrease of personnel cost in FY07, etc) - Daiichi Sankyo, Inc. (DSI) +5.7 (2,173 employees as of Sep-07, 2,856 employees as of Sep-08) - Daiichi Sankyo Europe GmbH (DSE) +5.3 (1,723 employees as of Sep-07, 2,031 employees as of Sep-08 Increase in amortization expense of Evista rights, etc.) - Goodwill amortization of U3 Pharma +1.2
R&D expenses	17.6% 78.3	2.9% 0.5	2.3% 0.3	18.7% 77.5	20.3% 82.3	4.1	4.9	Progress in development of principal projects
Total Expense	53.3% 236.6	15.1% 2.5	61.0% 8.6	54.6% 225.5	60.8% 247.1	10.5	21.6	
Operating Income	21.2% 93.9	-4.3% -0.7	13.3% 1.9	22.4% 92.7	15.2% 61.6	-32.3	-31.1	Loss from currency fluctuation (approximately -2.5)
Ordinary Income	22.7% 100.7	-4.3% -0.7	15.4% 2.2	24.0% 99.2	14.7% 59.6	-41.1	-39.6	Non-operating income -2.3 (decrease in interest income, etc.) Non-operating expenses +6.2 (currency valuation loss on intangible asset of DSE, loss from synthetic stock options in US subsidiary, etc.)
Net Income	13.6% 60.2	5.6% 0.9	14.3% 2.0	13.9% 57.3	8.4% 34.0	-26.3	-23.3	Extraordinary gains -1.5 Extraordinary losses -2.7 (loss on business integration/restructuring -4.0)

* Figures of non-pharmaceutical subsidiaries spun off, and the impact of change in the accounting periods of 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."

Results for 2Q FY2008 (vs July Announcement)

(Billions of yen, YoY change ratio)

	FY2008 1st Half			
	Forecast (July)	Results	from July Forecast	Remarks
Net Sales	<-3.2> 400.0	<-1.7> 406.3	6.3	Gain from currency fluctuation (+8.5), DSI (+5.9), LPI (+5.5) DSE (-4.9), DSHC (-2.0)
Cost of Sales	<5.8> 100.5	<2.8> 97.6	-2.9	
SG&A expenses	<11.1> 164.5	<11.3> 164.7	0.2	
R&D expenses	<9.7> 85.0	<6.3> 82.3	-2.7	
Total Expense	<10.6> 249.5	<9.6> 247.1	-2.4	
Operating Income	<-46.1> 50.0	<-33.6> 61.6	11.6	Loss from currency fluctuation (approximately +1.3)
Ordinary Income	<-45.6> 54.0	<-39.9> 59.6	5.6	Non-operating income -0.1 Non-operating expenses +6.1 (currency valuation loss on intangible asset of DSE, loss from synthetic stock options in US subsidiary, etc.)
Net Income	<-47.6> 30.0	<-40.7> 34.0	4.0	Extraordinary gains -1.7 Extraordinary losses +0.9

* YoY change ratios are real term comparison, excluding special factors.

FY2008 Revised Forecast

(Billions of yen, ratio to sales)

	FY2008 1st Half		FY2008 2nd Half				FY2008 Full year		
	Forecast (July)	Results	Forecast (July)	Revised Forecast			Forecast (July)	Revised Forecast	from July Forecast
				from July Forecast	Remarks				
Net Sales	100.0% 400.0	100.0% 406.3	100.0% 440.0	100.0% 433.7	-6.3	LPI (+2.0), DSE (+4.9) Loss from currency fluctuation (-9.5) Domestic ethical pharmaceuticals (-5.4), DSI (-3.9)	100.0% 840.0	100.0% 840.0	0.0
Cost of Sales	25.1% 100.5	24.0% 97.6	24.5% 108.0	24.8% 107.4	-0.6		24.8% 208.5	24.4% 205.0	-3.5
SG&A expenses	41.1% 164.5	40.5% 164.7	38.2% 168.0	39.3% 170.3	2.3	Goodwill amortization of U3 Pharma +2.5	39.6% 332.5	39.9% 335.0	2.5
R&D expenses	21.3% 85.0	20.3% 82.3	19.1% 84.0	22.5% 97.7	13.7	- Increase due to progress in projects such as CS-8958 - Addition of R&D expenses of U3 Pharma - Reinforcement of pipeline	20.1% 169.0	21.4% 180.0	11.0
Total Expense	62.4% 249.5	60.8% 247.1	57.3% 252.0	61.8% 267.9	15.9		59.7% 501.5	61.3% 515.0	13.5
Operating Income	12.5% 50.0	15.2% 61.6	18.2% 80.0	13.5% 58.4	-21.6	Loss from currency fluctuation (approximately -1.3)	15.5% 130.0	14.3% 120.0	-10.0
Ordinary Income	13.5% 54.0	14.7% 59.6	19.1% 84.0	12.3% 53.4	-30.6	Non-operating income -2.1 (decrease in gain from financial operation) Non-operating expenses +6.9 (currency valuation loss on intangible asset of DSE, interest expense for borrowings related to Ranbaxy deal)	16.4% 138.0	13.5% 113.0	-25.0
Net Income	7.5% 30.0	8.4% 34.0	11.4% 50.0	7.2% 31.0	-19.0		9.5% 80.0	7.7% 65.0	-15.0

Trend of Major Products

(Billions of yen)

			FY2008 Forecast (July)	FY2008 Revised Forecast					
				1st Half Results	from July Forecast	Full Year	from July Forecast	Change	
								simple comparison	Real term Comparison
GLOBAL	Olmesartan	antihypertensive	214.0	104.6	4.6	218.0	4.0	22.4	28.8
	Levofloxacin	synthetic antibacterial agent	104.0	49.3	-0.7	102.0	-2.0	-6.7	-6.7
	Pravastatin	antihyperlipidemic agent	62.5	31.9	-1.1	60.5	-2.0	-16.0	-14.4
Japan	Calblock	antihypertensive	14.0	6.0	-1.0	14.0	0.0	3.8	3.8
	Artist	antihypertensive	22.0	11.0	0.0	22.0	0.0	0.9	0.9
	Kremezin	treatment for chronic renal failure	14.0	6.4	0.4	14.0	0.0	1.6	1.6
	Loxonin	anti-inflammatory analgesic	39.0	18.9	-0.1	40.0	1.0	6.4	6.4
	Omnipaque	contrast agent	28.0	14.6	0.6	29.0	1.0	-2.2	-2.2
	Urief	treatment for dysuria	9.0	3.5	-0.5	8.5	-0.5	3.1	3.1
	U.S.	Venofer	treatment for iron deficiency anemia	23.0	16.8	5.3	30.5	7.5	-0.6
Welchol		antihyperlipidemic agent / treatment for type 2 diabetes	25.0	12.5	1.0	26.0	1.0	3.3	3.3

* Accounting period of European subsidiaries in FY2007 1st half were nine months from Jan-07 to Sep-07 following the change in fiscal year-end. Figures excluding the extra three months sales are shown for Real term Comparison.

Daiichi Sankyo R&D Pipeline

	Phase 1	Phase 2	Phase 3	Application
Cardiovascular diseases	CS-8080 DB-772d	<u>DU-176b</u> Olmetec/diuretic Combo (#)	<u>Prasugrel (ACS-MM)</u> <u>CS-8635</u> Olmetec additional indication (#) <Diabetic nephropathy> Olmetec/Calblock Combo (#)	<u>Prasugrel (ACS-PCI)</u> Sevikar (EU)
Glucose metabolic disorders	CS-1036(#)		Rivoglitazone	
Infectious diseases		CS-8958	Levofloxacin inj (#)	Levofloxacin high-dose (#)
Malignant neoplasm	CS-7017 U3-1287	Nimotuzumab (#) CS-1008		
Immunological allergic diseases	CS-0777	SUN13834		
Bone / joint diseases			<u>Denosumab (#)</u> Loxonin gel (#)	
Others		Human ghrelin	Memantine hydrochloride (#) Silodosin	Feron/Ribavirin combination therapy (#)
Total	6	7	10	4

: Developed only in JPN

- Only the most advanced stages are described for the projects under global development
- Projects with highest priority are underlined (blue)

Change from disclosure
in July 2008

New : Prasugrel (ACS-MM), CS-1036 (JPN)
Change of stage : Nimotuzumab (JPN) Ph1 ---> Ph2
SUN13834 Ph1 ---> Ph2
Discontinuation : AJD101

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