



October 29, 2010

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2011 <under Japanese GAAP>

Listed company name: **DAIICHI SANKYO COMPANY, LIMITED**

Listed exchanges: First Section of the Tokyo, Osaka, and Nagoya stock exchanges

Stock code number: 4568

URL: <http://www.daiichisankyo.com>

Representative: Mr. Joji Nakayama, Representative Director and President & CEO

Contact: Mr. Toshiaki Sai, Corporate Officer, General Manager of Corporate Communications

Telephone: +81-3-6225-1125 (Investor Relations); +81-3-6225-1126 (Public Relations)

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Preparing supplementary material (Reference Data) on quarterly financial results: Yes

Holding quarterly information meeting: Yes (for institutional investors, analysts and the press)

(All amounts have been rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2010

(from April 1, 2010 to September 30, 2010)

(1) Consolidated Financial Results (cumulative)

(Percentages indicate changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of fiscal 2010	498,886	6.0	90,107	77.2	92,647	77.3
First six months of fiscal 2009	470,568	15.8	50,850	(17.5)	52,259	(12.4)

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First six months of fiscal 2010	52,154	179.0	74.09	74.03
First six months of fiscal 2009	18,691	(45.0)	26.55	26.54

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2010	1,465,017	892,144	58.3	1,212.65
As of March 31, 2010	1,489,510	889,508	57.4	1,215.62

Reference: Equity As of September 30, 2010: 853,615 million yen As of March 31, 2010: 855,706 million yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2009	–	30.00	–	30.00	60.00
Fiscal 2010	–	30.00	–	–	–
Fiscal 2010 (Forecast)	–	–	–	30.00	60.00

Note: Revision of the forecast in the second quarter of fiscal 2010: No

3. Forecasts of Consolidated Results for Fiscal 2010

(from April 1, 2010 to March 31, 2011)

(Percent changes indicate changes from in the prior fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	980,000	2.9	100,000	4.7	100,000	(3.0)	55,000	31.4	78.13

Note: Revision of the forecasts in the second quarter of fiscal 2010: Yes

4. Others (For details, please refer to “2. Other Information” on page 4 of the Attached Material)

(1) Changes in subsidiaries during the quarter: No

Newly included: None Excluded: None

Note: Changes in specified subsidiaries resulting in a change in scope of consolidation in the current quarter

(2) Application of simplified accounting methods as well as specific accounting methods: Yes

Note: Application of simplified accounting methods as well as specific accounting methods for preparing quarterly consolidated financial statements

(3) Changes in accounting principles and procedures, and methods of presentation

1) Changes due to revisions to accounting standards: Yes

2) Changes due to other reasons: No

Note: Changes in accounting principles, procedures, and methods of presentation related to the preparation of the quarterly consolidated financial statements to be stated in the section of “Summary of Changes in Accounting Policies and Procedures, and Methods of Presentation”

(4) Number of common shares issued

1) Total number of shares issued at the end of the period (including treasury stock)

As of September 30, 2010	709,011,343 shares
As of March 31, 2010	709,011,343 shares

2) Number of shares in treasury at the end of the period

As of September 30, 2010	5,086,823 shares
As of March 31, 2010	5,084,489 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First six months ended September 30, 2010	703,926,308 shares
First six months ended September 30, 2009	703,934,794 shares

* Indication regarding execution of quarterly procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are incomplete.

* Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecasted statement shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors.

Please see (3) *Qualitative Information about Forecasts of Consolidated Results for Fiscal 2010* of 1. *Qualitative Information about Consolidated Results for the First Six Months* on page 3 for assumption that the above forecasts were based on and related matters.

Attached Material

Index

- 1. Qualitative Information about Consolidated Results for the First Six Months 2
 - (1) Qualitative Information about Consolidated Operating Results 2
 - (2) Qualitative Information about Consolidated Financial Position 3
 - (3) Qualitative Information about Forecasts of Consolidated Results for Fiscal 2010..... 3
- 2. Other Information 4
 - (1) Summary of Changes in Significant Subsidiaries 4
 - (2) Summary of Simplified Accounting Methods as well as Specific Accounting Methods..... 4
 - (3) Summary of Changes in Accounting Policies and Procedures, and Methods of Presentation..... 5
 - (4) Summary of Material Events related to Assumption of Going-Concern 5
- 3. Quarterly Consolidated Financial Statements..... 6
 - (1) Consolidated Balance Sheets 6
 - (2) Consolidated Statements of Income..... 8
 - (3) Consolidated Statements of Cash Flows 10
 - (4) Note related to Assumption of Going-Concern..... 12
 - (5) Segment Information 12
 - (6) Notes on Substantial Changes in the Amount of Shareholders' Equity 13

1. Qualitative Information about Consolidated Results for the First Six Months

(1) Qualitative Information about Consolidated Operating Results

Consolidated Financial Results

(Millions of yen; rounded down to the nearest million yen)

	First six months of fiscal 2009	First six months of fiscal 2010	Difference from the same period in the previous year (%)
Net sales	470,568	498,886	28,317 (+6.0%)
Operating income	50,850	90,107	39,257 (+77.2%)
Ordinary income	52,259	92,647	40,388 (+77.3%)
Net income	18,691	52,154	33,462 (+179.0%)

Exchange rates in the first six months of fiscal 2010: ¥89.0/USD, ¥113.8/EUR, ¥2.01/INR

Exchange rates in the first six months of fiscal 2009: ¥95.5/USD, ¥133.2/EUR, ¥1.95/INR

In the six months from April 1 to September 30, 2010, Daiichi Sankyo and its consolidated subsidiaries (“the Group”) posted net sales of ¥498.9 billion, a year-on-year gain of 6.0%. Despite a stronger yen compared with the same period of the previous year, this gain in net sales was mainly due to sales growth of the antihypertensive agent olmesartan and the sales contribution of ¥98.5 billion by Ranbaxy Laboratories Limited¹ (“Ranbaxy”).

Operating income increased 77.2% to ¥90.1 billion thanks to the contribution of Ranbaxy and cost containment measures, and ordinary income rose 77.3% to ¥92.6 billion mainly on the back of a decrease in foreign exchange losses and the occurrence at Ranbaxy of gains on valuation of derivatives. Note that income taxes in FY2009 were at a high level due to prior-year tax adjustments. In the period under review, however, there were no such special factors and the Group posted a net income of ¥52.2 billion, a gain of 179.0% year on year.

[Reportable Segments]

i. Daiichi Sankyo Group

The Daiichi Sankyo Group posted net sales of ¥400.4 billion, a year-on-year decline of 1.0%.

a. Japan

Net sales in Japan decreased 1.4% year on year to ¥260.1 billion.

Sales of prescription drugs rose 1.8% to ¥217.1 billion, boosted by sales growth of antihypertensive agent *Olmotec*®, the anti-inflammatory analgesic *Loxonin*® and other products.

Sales from royalty income and exports to overseas licenses fell 20.8% year on year to ¥20.2 billion due to the effect of the stronger yen and the decline in sales of levofloxacin, a synthetic antibacterial agent and others.

Net sales of Healthcare (the OTC business) totaled ¥21.0 billion, falling 8.6% year on year. This was due to lower sales of *Lulu*®, *Patecs*® and others.

¹ Due to the difference in fiscal year-end, Ranbaxy's results included in the Group's Q2 FY2010 are those of April-June 2010.

b. North America

In North America, although a stronger yen affected sales, sales continued to grow in local currency terms, and net sales increased 2.7% year on year to ¥95.9 billion. Major contributors to growth included the antihypertensive agents *Benicar*® and *AZOR*®, the antihyperlipidemic agent and treatment for type 2 diabetes *Welchol*®, and the anemia treatment *Venofer*®.

c. Europe

In Europe, although there was growth in sales of the antihypertensive agents *Olmotec*® and *Sevikar*® in local currency terms, net sales decreased 12.0% year on year to ¥31.4 billion mainly reflecting the effect of stronger yen.

d. Other regions

In other regions, net sales rose 12.7% year on year to ¥13.0 billion, thanks mainly to sales increases in China, South Korea and Brazil.

ii. Ranbaxy Group

Net sales of the Ranbaxy Group rose 49.0% year on year to ¥98.5 billion. Contributing to sales was the antiviral drug valacyclovir in the U.S.

(2) Qualitative Information about Consolidated Financial Position

As of September 30, 2010, net assets were ¥892.1 billion (up ¥2.6 billion from the previous year-end), total assets stood at ¥1,465.0 billion (down ¥24.5 billion from the previous year-end), and the equity ratio was 58.3% (57.4% for the previous year-end).

Net assets increased slightly as a result of the recorded net income offsetting the payment of dividends and decrease in valuation and translation adjustments.

Total assets were slightly lower than the previous year-end mainly due to the decrease in net unrealized gain on investment securities due to deterioration of the financial situation.

(3) Qualitative Information about Forecasts of Consolidated Results for Fiscal 2010

The differences from the forecasts of consolidated results for FY2010 publicly announced on August 31, 2010 are shown below.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	980,000	90,000	85,000	45,000	63.93
Revised forecasts (B)	980,000	100,000	100,000	55,000	78.13
Change (B-A)	0	10,000	15,000	10,000	
Percentage of change (%)	0.0	11.1	17.6	22.2	
(Reference) Results of previous fiscal year (FY2009)	952,105	95,509	103,114	41,852	59.45

(Reason for the revision)

In the six months ended September 30, 2010, operating income rose due to efforts to curtail overall expenses, mostly R&D expenses being carried forward into the third quarter or later, and other factors. Also, ordinary income and net income rose significantly above the forecasts.

For the fiscal year ending March 31, 2011, while on one hand we fear a decrease in sales due to the long-term trend of the strong yen, mainstay product sales are expected to expand, offsetting any decrease. Therefore, the initial forecast for net sales is unchanged. Daiichi Sankyo is upwardly revising profits in order to push forth the curtailment of overall expenses.

2. Other Information

(1) Summary of Changes in Significant Subsidiaries

Not applicable.

(2) Summary of Simplified Accounting Methods as well as Specific Accounting Methods (Simplified accounting methods)

a. Method for valuating inventories

Total inventories as of the end of the quarter are calculated using a rational method based on total physical inventories as of the end of the previous fiscal year omitting physical inventories.

b. Method for calculating depreciation of non-current assets

Depreciation expenses for assets that are depreciated using the declining-balance method are calculated by proportionally dividing the annual depreciation expenses.

c. Method for calculating income taxes, deferred tax assets and deferred tax liabilities

Concerning judgments on the possibility of collection of deferred tax assets, when it is recognized that there are no remarkable changes either to the management environment or similar since the end of the previous fiscal year or to circumstances such as temporary differences or other, the method uses forecasts of future earnings results or tax planning based on the previous fiscal year.

However, if it is recognized that there are remarkable changes either to the management environment or similar since the end of the previous fiscal year or to circumstances such as temporary differences or other, then the method uses forecasts of future earnings results or tax planning based on the previous fiscal year but adjusted to reflect this remarkable change.

(Specific accounting methods for preparing the quarterly consolidated financial statements)

Taxes are computed first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the second quarter under review, and next by multiplying the quarterly net income before income taxes and minority interests by such estimated effective tax rate.

Note that income taxes–deferred is included in income taxes.

(3) Summary of Changes in Accounting Policies and Procedures, and Methods of Presentation

Effective the first quarter, the Company adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21), both issued by the Accounting Standards Board of Japan (ASBJ) on March 31, 2008.

The effect of this change on operating income, ordinary income and income before income taxes and minority interests was immaterial.

Effective the first quarter, the Company adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22), the “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7), the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10), all issued by the ASBJ on December 26, 2008.

(4) Summary of Material Events related to Assumption of Going-Concern

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010 (Summary)
ASSETS		
Current assets		
Cash and time deposits	135,514	100,996
Trade notes and accounts receivable	207,654	211,889
Marketable securities	254,972	236,541
Merchandise and finished goods	88,362	91,708
Work in process	17,176	16,783
Raw materials and supplies	35,502	34,733
Deferred tax assets	70,597	86,970
Other current assets	35,468	41,802
Allowance for doubtful accounts	(1,634)	(1,668)
Total current assets	843,615	819,757
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	120,110	126,589
Machinery, equipment and vehicles, net	43,040	44,538
Land	39,349	42,618
Construction in progress	20,918	22,294
Other, net	13,160	13,504
Net property, plant and equipment	236,578	249,546
Intangible assets		
Goodwill, net	68,573	73,769
Other intangible assets, net	96,018	107,117
Total intangible assets	164,592	180,887
Investments and other assets		
Investment securities	111,642	137,042
Prepaid pension costs	2,095	3,889
Deferred tax assets	90,254	81,758
Other	16,534	16,931
Allowance for doubtful accounts	(295)	(304)
Total investments and other assets	220,231	239,318
Total non-current assets	621,401	669,752
Total assets	1,465,017	1,489,510

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	67,352	66,539
Convertible bond-type bonds with subscription rights to shares to be redeemed within one year	49,000	–
Short-term bank loans	32,667	19,988
Income taxes payable	9,685	10,643
Allowance for sales returns	800	583
Allowance for sales rebates	1,323	1,406
Allowance for contingent losses	1,800	1,600
Asset retirement obligations	161	–
Other current liabilities	135,165	168,050
Total current liabilities	297,957	268,812
Long-term liabilities		
Bonds payable	100,000	100,000
Convertible bond-type bonds with subscription rights to shares	–	49,534
Long-term debt	117,725	121,389
Deferred tax liabilities	25,933	29,237
Accrued employees' severance and retirement benefits	11,684	12,320
Accrued directors' severance and retirement benefits	135	132
Other long-term liabilities	19,436	18,574
Total long-term liabilities	274,915	331,189
Total liabilities	572,872	600,001
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,194	105,194
Retained earnings	777,426	746,392
Treasury stock, at cost	(14,564)	(14,566)
Total shareholders' equity	918,056	887,020
Valuation and translation adjustments		
Net unrealized gain on investment securities	17,358	27,461
Deferred gains or losses on hedges	932	1,002
Foreign currency translation adjustments	(82,732)	(59,778)
Total valuation and translation adjustments	(64,441)	(31,314)
Subscription rights to shares	3,588	3,295
Minority interests	34,941	30,506
Total net assets	892,144	889,508
Total liabilities and net assets	1,465,017	1,489,510

(2) Consolidated Statements of Income

(Millions of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Net sales	470,568	498,886
Cost of sales	137,247	138,492
Gross profit	333,320	360,393
Selling, general and administrative expenses		
Advertising and promotional expenses	52,205	47,665
Salaries and bonuses	56,979	56,311
Severance and retirement costs	5,639	5,618
Research and development expenses	94,119	89,304
Other	73,526	71,385
Total selling, general and administrative expenses	282,470	270,285
Operating income	50,850	90,107
Non-operating income		
Interest income	2,613	1,618
Dividend income	1,332	1,487
Gain on valuation of derivatives	8,698	4,690
Other income	2,161	2,306
Total non-operating income	14,805	10,102
Non-operating expenses		
Interest expense	3,081	2,992
Foreign exchange losses	7,976	2,439
Equity in net losses of affiliated companies	118	214
Other expenses	2,219	1,915
Total non-operating expenses	13,396	7,562
Ordinary income	52,259	92,647
Extraordinary income		
Gain on sales of non-current assets	531	4,531
Gain on sale of investment securities	1,844	2,862
Gain on change in equity	–	69
Gain on sales of subsidiaries and affiliates' stocks	–	33
Other income	–	96
Total extraordinary income	2,375	7,594
Extraordinary losses		
Loss on disposal of non-current assets	491	696
Loss on valuation of investment securities	–	3,114
Loss on impairment of long-lived assets	–	682
Environmental expenses	482	490
Restructuring loss	–	479
Provision for contingent losses	–	200
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	139
Other losses	–	310
Total extraordinary losses	974	6,112

(Millions of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Income before income taxes and minority interests	53,660	94,129
Income taxes	36,743	34,713
Income before minority interests	–	59,415
Minority interests in net income (loss) of consolidated subsidiaries	(1,774)	7,260
Net income	18,691	52,154

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	53,660	94,129
Depreciation	22,027	21,296
Loss on impairment of long-lived assets	–	682
Amortization of goodwill	4,399	4,533
(Gain) loss on valuation of derivatives	(8,698)	(4,690)
Increase (decrease) in allowance for doubtful accounts	42	33
Increase (decrease) in accrued severance and retirement benefits	238	645
(Increase) decrease in prepaid pension costs	1,537	1,141
Interest and dividend income	(3,945)	(3,105)
Interest expense	3,081	2,992
Foreign exchange (gains) losses	–	2,019
(Gain) loss on valuation of investment securities	–	3,228
(Gain) loss on sales of investment securities	(1,844)	(2,862)
(Gain) loss on sales of subsidiaries and affiliates' stocks	–	(33)
(Gain) loss on sales and disposal of property, plant and equipment	(39)	(3,835)
Equity in net (income) losses of affiliated companies	118	214
(Increase) decrease in trade notes and accounts receivable	(20,677)	(3,041)
(Increase) decrease in inventories	(3,471)	(3,759)
Increase (decrease) in trade notes and accounts payable	(2,138)	3,270
Increase (decrease) in accounts payable and accrued expenses	(7,425)	(6,515)
Other, net	14,564	(9,819)
Subtotal	51,430	96,523
Interest and dividends received	4,377	3,227
Interest paid	(2,261)	(1,664)
Income taxes paid	(13,976)	(20,758)
Net cash provided by operating activities	39,570	77,327

(Millions of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Cash flows from investing activities		
Purchases of time deposits	(9,022)	(52,064)
Proceeds from maturities in time deposits	20,953	29,670
Purchases of marketable securities	(21,905)	(53,355)
Proceeds from sales of marketable securities	78,336	54,998
Acquisitions of property, plant and equipment	(12,303)	(15,385)
Proceeds from sales of property, plant and equipment	827	8,034
Acquisitions of intangible assets	(899)	(2,586)
Acquisitions of investment securities	(6,160)	(745)
Proceeds from sales of investment securities	6,389	4,767
Acquisition of investments in subsidiaries	(1,498)	(1,871)
Proceeds from sales of investments in consolidated subsidiaries resulting in changes in scope of consolidation	–	5,641
Payments for loans receivable	(323)	(0)
Proceeds from collection of loans receivable	172	3
Other, net	376	(2,292)
Net cash provided by (used in) in investing activities	54,942	(25,185)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(124,204)	12,626
Proceeds from long-term debt	11,172	–
Repayments of long-term debt	(412)	(2,371)
Proceeds from issuance of bonds	99,688	–
Purchases of treasury stock	(17)	(12)
Proceeds from sale of treasury stock	3	1
Dividends paid	(28,129)	(21,117)
Other, net	(132)	39
Net cash used in financing activities	(42,031)	(10,833)
Effect of exchange rate changes on cash and cash equivalents	(2,643)	(9,543)
Net increase (decrease) in cash and cash equivalents	49,838	31,764
Cash and cash equivalents, beginning of period	177,769	259,215
Cash and cash equivalents, end of period	227,608	290,980

(4) Note related to Assumption of Going-Concern

Not applicable.

(5) Segment Information

[Information by Operating Segment]

First six months of fiscal 2009 (from April 1, 2009 to September 30, 2009)

Information by operating segment has been omitted because the “Pharmaceuticals” segment accounts for over 90% of the total net sales and operating income.

[Information by Geographic Segment]

First six months of fiscal 2009 (from April 1, 2009 to September 30, 2009)

(Millions of yen)

	Japan	North America	Europe	India	Other	Total	Eliminations & corporate	Consolidated
Net sales								
(1) Outside customers	263,819	108,710	46,923	27,995	23,047	470,568	–	470,568
(2) Inter-segment sales and transfers	30,333	21,559	17,565	10,872	622	80,954	(80,954)	–
Total	294,225	130,270	64,488	38,868	23,670	551,522	(80,954)	470,568
Operating income (loss)	27,427	26,980	3,109	(4,896)	1,359	53,980	(3,130)	50,850

Notes:

1. Method of classifying geographic segments

Geographic segments are classified on the basis of geographic proximity.

2. Countries and regions included in each segment other than Japan

North America: the United States, Canada

Europe: Germany, the United Kingdom, France, Spain, Italy, Romania and others

India: India

Other: China, Taiwan, Brazil and others

3. Change in method of classifying geographic segments

Previously, countries and regions were classified as Japan, North America, Europe and Other, constituting four segments. However, as “India” region has increased its materiality due to an expansion of the business size, “India” is, in order to represent its business activities more properly, now separately presented effective from the period under review.

Compared with the figures in the previous method, in Other regions, net sales decreased by ¥38,724 million (of which, the decrease in net sales to outside customers was ¥27,995 million) and operating income increased by ¥5,039 million. There were no effects on Japan, North America and Europe.

[Overseas Sales]

First six months of fiscal 2009 (from April 1, 2009 to September 30, 2009)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	121,448	56,889	54,224	232,562
II Consolidated net sales				470,568
III Percentage of overseas net sales to consolidated net sales (%)	25.8	12.1	11.5	49.4

Notes:

1. Method of classifying countries and regions

Countries and regions are classified on the basis of geographic proximity.

2. Countries and regions included in each area

North America: the United States and Canada

Europe: Germany, the United Kingdom, France, Spain, Italy, Romania and others

Other: Asia, the Middle East, Latin America and others

3. Overseas net sales are sales of the Company and its consolidated subsidiaries which were transacted in countries or regions outside of Japan.

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Group are constituent units of the Company whose separate financial information can be obtained. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The Group's business operations are mainly comprised of the research & development, manufacture and sales of pharmaceutical drugs and OTC products. The two reportable segments of the Group are as follows: Daiichi Sankyo Group and Ranbaxy Group.

The Daiichi Sankyo Group, whose major members are the Company, Daiichi Sankyo, Inc., and Daiichi Sankyo Europe GmbH, operates pharmaceutical drugs and OTC products.

The Ranbaxy Group, centering on Ranbaxy Laboratories Ltd. operate s pharmaceutical drugs and OTC products.

2. Information concerning the net sales, and income/loss of each reportable segment

First six months of fiscal 2010 (from April 1, 2010 to September 30, 2010)

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total
Net sales			
Outside customers	400,369	98,516	498,886
Inter-segment sales and transfers	33	141	174
Total	400,402	98,657	499,060
Segment income	65,843	33,652	99,495

3. Differences between the total amount of income/loss amounts of reportable segments and the amount stated in consolidated statements of income, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Income or loss item	Amount
Reportable segment total	99,495
Amortization of purchase-price-allocation asset	(1,830)
Amortization of goodwill	(1,208)
Adjustment of sales of investment securities	(1,607)
Elimination of intersegment transactions	(484)
Other adjustments	(235)
Income before income taxes and minority interests stated in consolidated statements of income	94,129

(Additional information)

Effective the period under review, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17) issued by the ASBJ on March 31, 2009 and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20) issued by the ASBJ on March 21, 2008.

(6) Notes on Substantial Changes in the Amount of Shareholders' Equity

Not applicable.