



January 31, 2011

Consolidated Financial Results for the Third 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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Scheduled date of dividend payments: –

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 Third Quarter of Fiscal 2010

(from April 1, 2010 to December 31, 2010)

(1) Consolidated Financial Results (cumulative)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of fiscal 2010	748,056	3.1	120,631	33.9	130,607	44.1
First nine months of fiscal 2009	725,662	15.6	90,061	(8.2)	90,643	(2.7)

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First nine months of fiscal 2010	79,663	103.0	113.17	113.07
First nine months of fiscal 2009	39,244	–	55.75	55.72

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2010	1,471,832	893,139	58.0	1,212.46
As of March 31, 2010	1,489,510	889,508	57.4	1,215.62

Reference: Equity As of December 31, 2010: 853,471 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 third quarter of fiscal 2010: No

3. Forecasts of Consolidated Results for Fiscal 2010

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

(Percentages indicate changes from the previous 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	965,000	1.4	120,000	25.6	125,000	21.2	70,000	67.3	99.44

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

4. Others (For details, please refer to “2. Other Information” on page 7 of the Attached Material)

(1) Changes in significant 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 and 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 Principles 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 December 31, 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 December 31, 2010	5,095,699 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 nine months ended December 31, 2010	703,925,181 shares
First nine months ended December 31, 2009	703,933,725 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is exempt from 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 Nine Months* on page 7 for assumption that the above forecasts were based on and related matters.

Attached Material

Index

- 1. Qualitative Information about Consolidated Results for the First Nine Months 5
 - (1) Qualitative Information about Consolidated Operating Results 5
 - (2) Qualitative Information about Consolidated Financial Position 6
 - (3) Qualitative Information about Forecasts of Consolidated Results for Fiscal 2010..... 7
- 2. Other Information 7
 - (1) Summary of Changes in Significant Subsidiaries 7
 - (2) Summary of Simplified Accounting Methods as well as Specific Accounting Methods..... 7
 - (3) Summary of Changes in Accounting Policies and Procedures, and Methods of Presentation..... 8
 - (4) Summary of Material Events related to Assumption of Going-Concern 8
- 3. Quarterly Consolidated Financial Statements..... 9
 - (1) Consolidated Balance Sheets 9
 - (2) Consolidated Statements of Income.....11
 - (3) Consolidated Statements of Cash Flows 13
 - (4) Notes related to Assumption of Going-Concern 15
 - (5) Segment Information 15
 - (6) Notes on Substantial Changes in the Amount of Shareholders' Equity..... 16

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

(1) Qualitative Information about Consolidated Operating Results

Consolidated Financial Results

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

	First nine months of fiscal 2009	First nine months of fiscal 2010	Difference from the same period in the previous year (%)
Net sales	725,662	748,056	22,393 (+3.1%)
Operating income	90,061	120,631	30,569 (+33.9%)
Ordinary income	90,643	130,607	39,963 (+44.1%)
Net income	39,244	79,663	40,418 (+103.0%)

Exchange rates in the first nine months of fiscal 2010: ¥86.5/USD, ¥113.3/EUR, ¥1.96/INR

Exchange rates in the first nine months of fiscal 2009: ¥93.6/USD, ¥133.0/EUR, ¥1.95/INR

In the nine months from April 1 to December 31, 2010, Daiichi Sankyo and its consolidated subsidiaries (“the Group”) posted net sales of ¥748.1 billion, a year-on-year gain of 3.1%.

Despite a stronger yen compared with the same period of the previous year, this gain in net sales was mainly due to the sales contribution of ¥134.0 billion by our subsidiary Ranbaxy Laboratories Ltd.¹ (“Ranbaxy”) and sales growth of the antihypertensive agent olmesartan.

Operating income increased 33.9% to ¥120.6 billion thanks to the contribution of Ranbaxy, and ordinary income rose 44.1% to ¥130.6 billion mainly on the back of a decrease in foreign exchange losses and the occurrence at Ranbaxy of gain 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 factors and the Group posted a net income of ¥79.7 billion, a gain of 103.0% year on year.

[Reportable Segments]

i. Daiichi Sankyo Group

The Daiichi Sankyo Group posted net sales of ¥614.1 billion, a year-on-year decline of 1.5%.

a. Japan

Net sales in Japan decreased 1.8% year on year to ¥402.7 billion.

Sales of prescription drugs rose 0.7% to ¥336.4 billion, thanks to the contribution of antihypertensive agent *Olmetec*®, the anti-inflammatory analgesic *Loxonin*®, the anti-influenza treatment *Inavir*®, which was launched in October 2010, and other products.

Sales from royalty income and exports to overseas licenses fell 22.2% year on year to ¥29.6 billion due to the decline in sales of levofloxacin, a synthetic antibacterial agent, and the stronger yen.

Net sales of Healthcare (the OTC business) totaled ¥34.2 billion, falling 2.5% year on year. This was mainly due to lower sales of Category 1 drugs.

¹ Due to the difference in fiscal year-end, Ranbaxy's results included in the Group's Q3 YTD FY2010 are those of January-September 2010.

b. North America

In North America, sales continued to grow in local currency terms, and net sales increased 1.2% year on year to ¥142.0 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*® and others.

c. Europe

In Europe, although there was growth in sales of the antihypertensive agents *Olmotec*® and *Sevikar*® in local currency terms, net sales decreased 9.6% year on year to ¥49.5 billion mainly reflecting the effect of stronger yen.

d. Other regions

In other regions, net sales rose 9.3% year on year to ¥19.8 billion, thanks mainly to sales increases in China and Brazil.

ii. Ranbaxy Group

Net sales of the Ranbaxy Group rose 31.1% year on year to ¥134.0 billion. Contributing to sales was the antiviral drug valacyclovir in the U.S.

(2) Qualitative Information about Consolidated Financial Position

As of December 31, 2010, net assets were ¥893.1 billion (up ¥3.6 billion from the previous year-end), total assets stood at ¥1,471.8 billion (down ¥17.6 billion from the previous year-end), and the equity ratio was 58.0% (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 October 29, 2010 are shown below.

	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
Previous forecasts (A)	980,000	100,000	100,000	55,000	78.13
Revised forecasts (B)	965,000	120,000	125,000	70,000	99.44
Change (B-A)	(15,000)	20,000	25,000	15,000	
Percentage of change (%)	(1.5)	20.0	25.0	27.3	
(Reference) Results of previous fiscal year (FY2009)	952,105	95,509	103,114	41,852	59.45

(Reason for the revision)

In consideration of the status of business progress at certain overseas Group companies and DAIICHI SANKYO HEALTHCARE, net sales is expected to be lower than the previous forecasts.

Profits for the first nine months were higher than those previously forecasted, due to expense schedule delays occurring for R&D expenses and other budgeted expenses. For the fiscal year ending March 31, 2011, due to the expected growth in profits on account of the effects of cost-cutting efforts and reduced expenses, Daiichi Sankyo upwardly revises operating income, ordinary income and net income.

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 third 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 Principles 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 December 31, 2010	As of March 31, 2010 (Summary)
ASSETS		
Current assets		
Cash and time deposits	126,418	100,996
Trade notes and accounts receivable	226,170	211,889
Marketable securities	260,210	236,541
Merchandise and finished goods	92,539	91,708
Work in process	16,231	16,783
Raw materials and supplies	34,120	34,733
Deferred tax assets	73,114	86,970
Other current assets	34,394	41,802
Allowance for doubtful accounts	(1,839)	(1,668)
Total current assets	861,361	819,757
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	118,746	126,589
Machinery, equipment and vehicles, net	46,374	44,538
Land	38,979	42,618
Construction in progress	21,379	22,294
Other, net	12,139	13,504
Net property, plant and equipment	237,618	249,546
Intangible assets		
Goodwill, net	72,570	73,769
Other intangible assets, net	89,039	107,117
Total intangible assets	161,609	180,887
Investments and other assets		
Investment securities	109,714	137,042
Prepaid pension costs	1,515	3,889
Deferred tax assets	83,857	81,758
Other	16,453	16,931
Allowance for doubtful accounts	(298)	(304)
Total investments and other assets	211,242	239,318
Total non-current assets	610,471	669,752
Total assets	1,471,832	1,489,510

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	70,156	66,539
Convertible bond-type bonds with subscription rights to shares to be redeemed within one year	47,260	–
Short-term bank loans	30,927	19,988
Income taxes payable	11,303	10,643
Allowance for sales returns	1,225	583
Allowance for sales rebates	2,564	1,406
Allowance for contingent losses	–	1,600
Asset retirement obligations	170	–
Other current liabilities	134,143	168,050
Total current liabilities	297,752	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	124,428	121,389
Deferred tax liabilities	25,195	29,237
Accrued employees' severance and retirement benefits	11,155	12,320
Accrued directors' severance and retirement benefits	154	132
Other long-term liabilities	20,007	18,574
Total long-term liabilities	280,941	331,189
Total liabilities	578,693	600,001
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,194	105,194
Retained earnings	783,817	746,392
Treasury stock, at cost	(14,580)	(14,566)
Total shareholders' equity	924,431	887,020
Valuation and translation adjustments		
Net unrealized gain on investment securities	18,966	27,461
Deferred gains or losses on hedges	1,132	1,002
Foreign currency translation adjustments	(91,059)	(59,778)
Total valuation and translation adjustments	(70,960)	(31,314)
Subscription rights to shares	3,616	3,295
Minority interests	36,051	30,506
Total net assets	893,139	889,508
Total liabilities and net assets	1,471,832	1,489,510

(2) Consolidated Statements of Income

(Millions of yen)

	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)	First nine months of fiscal 2010 (From April 1, 2010 to December 31, 2010)
Net sales	725,662	748,056
Cost of sales	212,663	213,063
Gross profit	512,998	534,992
Selling, general and administrative expenses		
Advertising and promotional expenses	78,183	73,551
Salaries and bonuses	82,429	83,551
Severance and retirement costs	8,036	7,409
Research and development expenses	141,703	142,328
Other	112,583	107,520
Total selling, general and administrative expenses	422,937	414,361
Operating income	90,061	120,631
Non-operating income		
Interest income	3,382	2,801
Dividend income	2,355	2,758
Gain on valuation of derivatives	10,461	8,822
Other income	2,880	3,171
Total non-operating income	19,080	17,554
Non-operating expenses		
Interest expense	4,686	4,266
Foreign exchange losses	10,715	213
Equity in net losses of affiliated companies	119	194
Other expenses	2,976	2,904
Total non-operating expenses	18,498	7,578
Ordinary income	90,643	130,607
Extraordinary income		
Gain on sales of non-current assets	1,923	4,551
Gain on sales of investment securities	1,844	3,002
Gain on sales of subsidiaries and affiliates' stocks	77	814
Gain on change in equity	1	76
Other income	–	96
Total extraordinary income	3,847	8,541

(Millions of yen)

	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)	First nine months of fiscal 2010 (From April 1, 2010 to December 31, 2010)
Extraordinary losses		
Loss on disposal of non-current assets	734	984
Loss on valuation of investment securities	–	3,114
Loss on valuation of stocks of subsidiaries and affiliates	–	1,176
Loss on impairment of long-lived assets	123	1,034
Environmental expenses	622	581
Restructuring loss	1,783	482
Provision for contingent losses	–	202
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	139
Non-recurring depreciation on non-current assets	258	–
Other losses	–	581
Total extraordinary losses	3,522	8,297
Income before income taxes and minority interests	90,967	130,850
Income taxes	52,766	42,709
Income before minority interests	–	88,141
Minority interests in net income (loss) of consolidated subsidiaries	(1,043)	8,477
Net income	39,244	79,663

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)	First nine months of fiscal 2010 (From April 1, 2010 to December 31, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	90,967	130,850
Depreciation	33,765	32,548
Loss on impairment of long-lived assets	123	1,034
Non-recurring depreciation on non-current assets	258	–
Amortization of goodwill	6,606	6,796
(Gain) loss on valuation of derivatives	(10,461)	(8,822)
Increase (decrease) in allowance for doubtful accounts	130	283
Increase (decrease) in accrued severance and retirement benefits	379	500
(Increase) decrease in prepaid pension costs	2,180	1,721
Interest and dividend income	(5,737)	(5,560)
Interest expense	4,686	4,266
Foreign exchange (gains) losses	–	957
(Gain) loss on valuation of investment securities	–	3,281
(Gain) loss on sales of investment securities	(1,844)	(3,002)
(Gain) loss on sales of subsidiaries and affiliates' stocks	–	(814)
(Gain) loss on sales and disposal of property, plant and equipment	(1,189)	(3,567)
Equity in net (income) losses of affiliated companies	119	194
(Increase) decrease in trade notes and accounts receivable	(35,223)	(23,620)
(Increase) decrease in inventories	(3,985)	(7,382)
Increase (decrease) in trade notes and accounts payable	3,974	7,206
Increase (decrease) in accounts payable and accrued expenses	(7,250)	(13,073)
Other, net	25,474	91
Subtotal	102,975	123,889
Interest and dividends received	6,753	4,678
Interest paid	(3,549)	(2,526)
Income taxes paid	(25,413)	(26,810)
Net cash provided by operating activities	80,765	99,231

(Millions of yen)

	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)	First nine months of fiscal 2010 (From April 1, 2010 to December 31, 2010)
Cash flows from investing activities		
Purchases of time deposits	(19,753)	(68,181)
Proceeds from maturities in time deposits	30,618	34,700
Purchases of marketable securities	(26,100)	(111,958)
Proceeds from sales of marketable securities	115,967	69,850
Acquisitions of property, plant and equipment	(19,825)	(21,275)
Proceeds from sales of property, plant and equipment	1,295	8,205
Acquisitions of intangible assets	(1,138)	(3,393)
Acquisitions of investment securities	(6,881)	(940)
Proceeds from sales of investment securities	6,391	8,916
Acquisition of investments in subsidiaries	(1,498)	(1,910)
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(16,335)	(6,846)
Proceeds from sales of investments in consolidated subsidiaries resulting in changes in scope of consolidation	–	5,641
Net (increase) decrease in short-term loans receivable	–	1,895
Payments for loans receivable	(470)	(14)
Proceeds from collection of loans receivable	189	0
Other, net	372	(1,476)
Net cash provided by (used in) in investing activities	62,829	(86,788)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(246,430)	13,591
Proceeds from long-term debt	111,231	7,260
Repayments of long-term debt	(4,271)	(4,711)
Proceeds from issuance of bonds	99,688	–
Purchases of treasury stock	(21)	(28)
Proceeds from sale of treasury stock	5	1
Dividends paid	(49,295)	(42,255)
Other, net	(164)	6
Net cash used in financing activities	(89,258)	(26,134)
Effect of exchange rate changes on cash and cash equivalents	726	(11,825)
Net increase (decrease) in cash and cash equivalents	55,063	(25,517)
Cash and cash equivalents, beginning of period	177,769	259,215
Cash and cash equivalents, end of period	232,833	233,698

(4) Notes related to Assumption of Going-Concern

Not applicable.

(5) Segment Information

[Information by Operating Segment]

First nine months of fiscal 2009 (from April 1, 2009 to December 31, 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 nine months of fiscal 2009 (from April 1, 2009 to December 31, 2009)

(Millions of yen)

	Japan	North America	Europe	India	Other	Total	Eliminations & corporate	Consolidated
Net sales								
(1) Outside customers	410,248	161,836	71,759	44,822	36,996	725,662	–	725,662
(2) Inter-segment sales and transfers	48,924	33,707	27,031	20,158	1,553	131,376	(131,376)	–
Total	459,172	195,544	98,791	64,980	38,549	857,038	(131,376)	725,662
Operating income (loss)	50,346	39,383	6,167	(1,806)	3,534	97,625	(7,564)	90,061

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, which was previously included in “Other,” 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 the first quarter.

Compared with the figures in the previous method, in Other regions, net sales decreased by ¥64,175 million (of which, the decrease in net sales to outside customers was ¥44,822 million) and operating income increased by ¥2,611 million. There were no effects on Japan, North America and Europe.

[Overseas Sales]

First nine months of fiscal 2009 (from April 1, 2009 to December 31, 2009)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	180,322	86,068	86,762	353,153
II Consolidated net sales				725,662
III Percentage of overseas net sales to consolidated net sales (%)	24.8	11.9	12.0	48.7

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, 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 nine months of fiscal 2010 (from April 1, 2010 to December 31, 2010)

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total
Net sales			
Outside customers	614,093	133,962	748,056
Inter-segment sales and transfers	46	203	249
Total	614,140	134,165	748,305
Segment income	100,275	37,672	137,947

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	137,947
Amortization of purchase-price-allocation asset	(2,677)
Amortization of goodwill	(1,812)
Adjustment of sales of investment securities	(2,101)
Elimination of intersegment transactions	(235)
Other adjustments	(270)
Income before income taxes and minority interests stated in consolidated statements of income	130,850

(Additional information)

Effective the first quarter, 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 27, 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.