Daiichi-Sankyo

REFERENCE DATA

(FY2005 1st Half)

《INDEX》

7th November,2005

URL http://www.daiichisankyo.co.jp/

November 7, 2004

FLASH REPORT

First half year results for the fiscal year ending March 31, 2006

DAIICHI SANKYO CO.,LTD. is pleased to announce its consolidated financial results (unaudited) for the six months ended September 30, 2005.

INVESTOR INFORMATION

Listed company name	:	DAIICHI SANKYO CO., LTD.
Head office	:	3-5-1, Nihonbashi Honcho, Chuo-ku, Tokyo 103-8426, Japan
Securities code no.	:	4568
Securities listed (common stock)	:	Tokyo Stock Exchange (1st Section) Osaka Securities Exchange (1st Section) Nagoya Stock Exchange (1st Section)
Fiscal year	:	April 1 to March 31
Date of Board of Directors' meeting for fiscal settlement	:	November 7, 2005
Date of starting payment of cash dividends	:	December 12, 2005

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CONSOLIDATED

The following interim financial information is prepared in accordance with accounting principles and practices for interim settlement generally accepted in Japan.

Operating results

(Millions of yen) Figures of less than 1 million yen are rounded down.

	1st Half ending March, 2006	1st Half ended March, 2005	Change (%)
Net sales	451,808	—	—
Operating income	80,345	—	—
Ordinary income	82,642	—	—
Net income	49,450	—	—
Net income per share (yen)	¥67.48	—	—

Financial position

	1st Half ending March, 2006	1st Half ended March, 2005
Total assets (millions of yen)	1,518,692	—
Shareholders' equity (millions of yen)	1,174,237	—
Shareholders' equity / assets (%)	77.3%	—
Shareholders' equity per share (yen)	¥1,610.55	—

Cash flows

(Millions of yen)

	1st Half ending March, 2006	1st Half ended March, 2005
Cash flows from operating activities	66,237	—
Cash flows from investing activities	▲24,596	—
Cash flows from financing activities	▲37,253	—
Cash and cash equivalents at the end of the period	359,235	—

Consolidation

Consolidated subsidiaries	61
Equity-method non-consolidated subsidiaries	0
Equity-method affiliated companies	4

Outlook for the year ending March 31, 2006

(Millions of yen)

Net sales	900,000
Ordinary income	130,000
Net income	71,000
Net income per share (yen)	¥96.82

FY2004

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half	449,127	－	74,178	－	76,248	－	48,727	－
Sankyo Group	289,988	▲2.2%	49,159	▲3.7%	50,073	▲1.0%	37,965	59.3%
Daiichi Group	159,139	▲2.0%	25,019	▲5.4%	26,175	▲1.5%	10,762	▲29.7%
DAIICHI SANKYO non-consolidated	－	－	－	－	－	－	－	－
2nd half	467,236	－	66,809	－	63,578	－	36,729	－
Sankyo Group	297,842	▲0.7%	35,766	▲19.6%	32,433	▲25.3%	10,317	▲47.3%
Daiichi Group	169,394	5.6%	31,043	57.8%	31,145	54.5%	26,412	132.7%
DAIICHI SANKYO non-consolidated	－	－	－	－	－	－	－	－
Full Year	916,364	－	140,988	－	139,826	－	85,457	－
Sankyo Group	587,830	▲1.4%	84,925	▲11.1%	82,506	▲12.2%	48,282	11.2%
Daiichi Group	328,534	1.8%	56,063	21.6%	57,320	22.7%	37,175	39.4%
DAIICHI SANKYO non-consolidated	－	－	－	－	－	－	－	－

FY2005 (Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half	445,500	▲0.8%	71,000	▲4.3%	72,000	▲5.6%	44,000	▲9.7%
Sankyo Group (May)	279,000	▲3.8%	36,000	▲26.8%	36,000	▲28.1%	23,000	▲39.4%
Daiichi Group(Apr.)	159,000	▲0.1%	22,000	▲12.1%	22,000	▲16.0%	12,000	11.5%
DAIICHI SANKYO non-consolidated	1,000	－	500	－	0	－	0	－
2nd half	449,000	▲3.9%	53,500	▲19.9%	54,500	▲14.3%	27,000	▲26.5%
Sankyo Group (May)	278,000	▲6.7%	26,000	▲27.3%	27,000	▲16.8%	14,000	35.7%
Daiichi Group(Apr.)	174,000	2.7%	31,000	▲0.1%	30,000	▲3.7%	6,000	▲77.3%
DAIICHI SANKYO non-consolidated	77,000	－	73,500	－	74,000	－	74,000	－
Full year	894,500	▲2.4%	124,500	▲11.7%	126,500	▲9.5%	71,000	▲16.9%
Sankyo Group (May)	557,000	▲5.2%	62,000	▲27.0%	63,000	▲23.6%	37,000	▲23.4%
Daiichi Group(Apr.)	333,000	1.4%	53,000	▲5.5%	52,000	▲9.3%	18,000	▲51.6%
DAIICHI SANKYO non-consolidated	78,000	－	74,000	－	74,000	－	74,000	－

FY2005 (New Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half result	451,808	0.6%	80,345	8.3%	82,642	8.4%	49,450	1.5%
Sankyo Group(May)	286,207	▲1.3%	48,101	▲2.2%	49,899	▲0.3%	31,953	▲15.8%
Daiichi Group(Apr.)	165,667	4.1%	31,809	27.1%	32,818	25.4%	17,594	63.5%
DAIICHI SANKYO non-consolidated	816	－	400	－	39	－	23	－
2nd half (New Estimate)	448,192	▲4.1%	46,655	▲30.2%	47,358	▲25.5%	21,550	▲41.3%
Sankyo Group(May)	278,793	▲6.4%	19,899	▲44.4%	20,101	▲38.0%	9,047	▲12.3%
Daiichi Group(Apr.)	169,333	▲0.0%	27,191	▲12.4%	27,182	▲12.7%	15,406	▲41.7%
DAIICHI SANKYO non-consolidated	77,184	－	73,600	－	73,961	－	73,977	－
FY2005(New Estimate)	900,000	▲1.8%	127,000	▲9.9%	130,000	▲7.0%	71,000	▲16.9%
Difference from estimate	5,500		2,500		3,500		0	
Increase/decrease	▲16,364		▲13,988		▲9,826		▲14,457	
Sankyo Group (May)	565,000	▲3.9%	68,000	▲19.9%	70,000	▲15.2%	41,000	▲15.1%
Difference from estimate	8,000		6,000		7,000		4,000	
increase/ decrease vs. FY04	▲22,830		▲16,925		▲12,506		▲7,282	
Daiichi Group(Apr.)	335,000	2.0%	59,000	5.2%	60,000	4.7%	33,000	▲11.2%
Difference from estimate	2,000		6,000		8,000		15,000	
increase/ decrease vs. FY04	6,466		2,937		2,680		▲4,175	
DAIICHI SANKYO non-consolidated	78,000	－	74,000	－	74,000	－	74,000	－
Difference from estimate	0		0		0		0	
increase/ decrease vs. FY04	－		－		－		－	

Unit shareholders; Holders of trading lots of shares

		As of September 2005			As of March 2005		
		Number of Shareholders	Number of shares (million)	%	Number of Shareholders	Number of shares (million)	%
Government and Public		1	0	0.0%	1	0	0.0%
	Sankyo G	1	0	0.0%	1	0	0.0%
	Daiichi G	0	0	0.0%	0	0	0.0%
Financial institutions		242	314	42.9%	243	299	41.3%
	Sankyo G	150	192	45.6%	146	189	43.1%
	Daiichi G	92	121	39.1%	97	110	38.7%
Securities Companies		64	27	3.8%	65	13	1.8%
	Sankyo G	41	8	2.0%	40	8	1.9%
	Daiichi G	23	18	6.1%	25	5	1.8%
Corporate investors		710	49	6.7%	710	49	6.9%
	Sankyo G	424	21	5.2%	410	25	5.9%
	Daiichi G	286	27	8.8%	300	23	8.4%
Foreign investors		883	240	32.8%	872	239	33.0%
	Sankyo G	542	135	32.0%	521	143	32.7%
	Daiichi G	341	105	33.8%	351	95	33.4%
Individuals		54,872	102	13.9%	50,661	95	13.1%
	Sankyo G	38,883	63	15.2%	34,548	62	14.2%
	Daiichi G	15,989	38	12.3%	16,113	32	11.5%
Treasury stock		0	0	0.0%	2	28	3.9%
	Sankyo G	0	0	0.0%	1	9	2.3%
	Daiichi G	0	0	0.0%	1	18	6.3%
Total		56,772	733	100.0%	52,554	724	100.0%

※The number of shares held as of September 30, 2005, is a simple total of the number of trading lots held by both companies on the date of transfer (Sept. 27) multiplied by the transfer ratio; the number of shares held as of March 31, 2005, is a simple total of the number of trading lots held by both companies on March 31. The number of shareholders is a simple total of all holders of stock in both companies.

Prospective dividend for year	¥50.00	Stock transfer payouts	¥25.00
		Dividend at end of FY2005	¥25.00
Dividend payout ratio	51.6%		

Three-year Summary

Million yen

	FY2003			FY2004						FY2005 Estimate					
				1st half			Full year			1st half			Full year		
	Total	Sankyo Group	Daiichi Group	Total	Sankyo Group	Daiichi Group	Total	Sankyo Group	Daiichi Group	Total	Sankyo Group	Daiichi Group	Total	Sankyo Group	Daiichi Group
Change	<3.0>	<4.6>	<0.2>	<-2.0>	<-2.2>	<-2.0>	<-0.3>	<-1.4>	<1.8>	<0.6>	<-1.3>	<4.1>	<-1.8>	<-3.9>	<2.0>
Net sales	919,112	596,345	322,767	449,127	289,988	159,139	916,364	587,830	328,534	451,808	286,207	165,667	900,000	565,000	335,000
Cost of sales	325,075	221,601	103,474	154,520	105,313	49,207	314,723	213,889	100,834	141,296	94,770	46,527	294,000	199,000	95,000
/Net sales	35.4%	37.2%	32.1%	34.4%	36.3%	30.9%	34.3%	36.4%	30.7%	31.3%	33.1%	28.1%	32.7%	35.2%	28.4%
Selling, general and administrative expenses	452,315	279,137	173,178	220,426	135,515	84,911	460,651	289,015	171,636	230,166	143,336	87,330	479,000	298,000	181,000
/Net sales	49.2%	46.8%	53.7%	49.1%	46.7%	53.4%	50.3%	49.2%	52.2%	50.9%	50.1%	52.7%	53.2%	52.7%	54.0%
Change	<6.9>	<19.7>	<-12.4>	<-4.3>	<-3.7>	<-5.4>	<-0.5>	<-11.1>	<21.6>	<8.3>	<-2.2>	<27.1>	<-9.9>	<-19.9>	<5.2>
Operating income	141,669	95,555	46,114	74,178	49,159	25,019	140,988	84,925	56,063	80,345	48,101	31,809	127,000	68,000	59,000
/Net sales	15.4%	16.0%	14.3%	16.5%	17.0%	15.7%	15.4%	14.4%	17.1%	17.8%	16.8%	19.2%	14.1%	12.0%	17.6%
change	<5.1>	<17.1>	<-13.0>	<-1.1>	<-1.0>	<-1.5>	<-0.6>	<-12.2>	<22.7>	<8.4>	<-0.3>	<25.4>	<-7.0>	<-15.2>	<4.7>
Ordinary income	140,706	93,975	46,731	76,248	50,073	26,175	139,826	82,506	57,320	82,642	49,899	32,818	130,000	70,000	60,000
/Net sales	15.3%	15.8%	14.5%	17.0%	17.3%	16.4%	15.3%	14.0%	17.4%	18.3%	17.4%	19.8%	14.4%	12.4%	17.9%
Change	<47.8>	<28.3>	<96.5>	<24.5>	<59.3>	<-29.7>	<22.0>	<-31.0>	<39.4>	<1.5>	<-15.8>	<63.5>	<-16.9>	<-15.1>	<-11.2>
Net income	70,072	43,411	26,661	48,727	37,965	10,762	85,457	48,282	37,175	49,450	31,953	17,594	71,000	41,000	33,000
/Net sales	7.6%	7.3%	8.3%	10.8%	13.1%	6.8%	9.3%	8.2%	11.3%	10.9%	11.2%	10.6%	7.9%	7.3%	9.9%

Business performance

Million yen

	FY2004			FY2005 Estimate					
	1st half	2nd half	Full year	1st half		2nd half		Full year	
				Estimate	Results	Estimate	New Estimate	Estimate	New Estimate
① Cost of Sales ratio	**34.4%**	**34.3%**	**34.3%**	**33.2%**	**31.3%**	**34.4%**	**34.0%**	**33.8%**	**32.7%**
Sankyo Group	36.3%	36.5%	36.4%	35.1%	33.1%	37.1%	37.4%	36.1%	35.2%
Daiichi Group	30.9%	30.5%	30.7%	29.8%	28.1%	30.2%	28.5%	30.0%	28.3%
② Selling, General and Administrative expenses	**49.1%**	**51.4%**	**50.3%**	**53.6%**	**51.0%**	**53.0%**	**55.5%**	**53.3%**	**53.2%**
Sankyo Group	46.7%	51.5%	49.2%	52.0%	50.1%	53.6%	55.5%	52.8%	52.7%
Daiichi Group	53.4%	51.2%	52.2%	56.4%	52.7%	52.0%	55.4%	54.1%	54.1%
③ R&D expenses	**69,700**	**75,500**	**145,200**	**78,100**	**72,600**	**84,200**	**83,500**	**162,300**	**156,100**
Sankyo Group	40,700	45,900	86,600	46,000	42,600	49,000	49,900	95,000	92,500
Daiichi Group	29,000	29,600	58,600	32,100	30,000	35,200	33,600	67,300	63,600
④ R&D expenses ratio	**15.5%**	**16.2%**	**15.8%**	**17.8%**	**16.1%**	**18.6%**	**18.6%**	**18.2%**	**17.3%**
Sankyo Group	14.0%	15.4%	14.7%	16.5%	14.9%	17.6%	17.9%	17.1%	16.4%
Daiichi Group	18.2%	17.5%	17.8%	20.2%	18.1%	20.2%	19.8%	20.2%	19.0%
⑤ Overseas Sales	**142,700**	**141,600**	**284,200**	**−**	**153,600**	**−**	**139,000**	**−**	**292,500**
Sankyo Group	109,200	106,500	215,600	−	117,700	−	103,300	−	221,000
Daiichi Group	33,500	35,100	68,600	32,800	35,900	34,900	35,700	67,700	71,500
⑥ Overseas Sales/Net sales	**31.8%**	**30.3%**	**31.0%**	**−**	**34.0%**	**−**	**31.0%**	**−**	**32.5%**
Sankyo Group	37.6%	35.7%	36.7%	−	41.1%	−	37.1%	−	39.1%
Daiichi Group	21.1%	20.7%	20.9%	20.6%	21.7%	20.1%	21.1%	20.3%	21.4%
⑦ Investment on facilities	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**
Sankyo Group (acquisition basis)	8,000	20,700	28,700	11,000	13,200	8,000	10,800	19,000	24,000
Daiichi Group (construction basis)	5,800	6,400	12,200	7,100	6,200	6,600	7,500	13,700	13,700
⑧ Depreciation expenses	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**
Sankyo Group	13,900	14,900	28,800	13,000	13,100	14,000	13,400	27,000	26,500
Daiichi Group	7,300	8,600	15,900	6,400	6,600	7,500	7,400	13,900	14,000

Business Performance- Management index

		FY2004		FY2005
		1st half	End of FY2004	1st half
①	Number of consolidated subsidiaries	−	−	61
	Sankyo Group	37	37	33
	Daiichi Group	31	31	26
②	Shareholders' equity ratio	−	−	77.3%
	Sankyo Group	74.5%	73.4%	76.2%
	Daiichi Group	81.1%	82.1%	82.8%
③	Earnings per share (EPS)	−	−	¥67.5
	Sankyo Group	¥88.4	¥111.8	¥74.8
	Daiichi Group	¥40.1	¥138.0	¥65.5
④	Return on equity (ROE)	−	−	4.2%
	Sankyo Group	5.5%	6.9%	4.4%
	Daiichi Group	2.5%	8.5%	3.8%
⑤	Book value per share (BPS)	−	−	¥1,610.6
	Sankyo Group	¥1,647.7	¥1,667.8	¥1,731.9
	Daiichi Group	¥1,582.7	¥1,670.7	¥1,749.5
⑥	Dividend payout ratio	−	−	34.7%
	Sankyo Group	17.0%	35.8%	33.4%
	Daiichi Group	37.4%	29.0%	38.2%
⑦	Dividend on equity ratio (DOE)	−	−	1.5%
	Sankyo Group	0.9%	2.4%	1.4%
	Daiichi Group	0.9%	2.4%	1.4%
⑧	Number of employees	19,016	18,777	18,648
	Sankyo Group	11,577	11,444	11,291
	Daiichi Group	7,439	7,333	7,290

Daiichi-Sankyo GROUP Research & Development Pipelone (Development Stage)

November 2005
DAIICHI SANKYO CO., LTD.

Therapeutic Area	Region	Existing Product	Phase1 preparation, preclinical	Phase1	Phase2	Phase3	Registration
Cardiovascular diseases	EU/USA	Pravachol/Mevalotin Benicar/Olmetec Welchol	CS-3030 (oral factor Xa inhibitor)	HGF DNA therapy (CAD: coronary arterial diseases) DZ-697b (anti-platelet agent)	HGF DNA therapy (PAD:peripheral arterial diseases) DU-176b (oral factor Xa inhibitor) SUN 4936h (acute heart failure/ licensed-out to Astellas Pharma US)	CS-747 (anti-platelet agent) ☆CS-8663 (Olmesartan/Amlodipine combination)	
	Japan	MEVALOTIN Panaldine Artist ACECOL Sunrythm Coversyl OLMETEC HANP CALBLOCK LIVALO CAPTORIL Slonnon	HGF DNA therapy (CAD: coronary arterial diseases) DZ-697b (anti-platelet agent)	CS-747 (anti-platelet agent) DU-176b (oral factor Xa inhibitor) ☆CS-866AZ (Olmesartan/Azelnidipine combination) ☆CS-866CMB (Olmesartan/Hydrochlorothiazide combination)	☆CS-866RN (Olmesartan/chronic glomerulonephritis)	HGF DNA therapy (PAD:peripheral arterial diseases) ☆CS-866DM (Olmesartan/diabetic nephropathy)	
Glucose metabolic disorders	EU/USA				CS-011 (antidiabetic/glitazone type) CS-917 (gluconeogenesis inhibitor)	☆WelChol (antidiabetic) SNK-860 (aldose reductase inhibitor/P3 preperation)	
	Japan	FASTIC	CS-011 (antidiabetic/glitazone type)	SUN E7001 (GLP-1)			
Infectious diseases	EU/USA	LEVAQUIN/Tavanic FROXIN Otic BANAN	CS-3955 (anti HIV infection) DC-159a (new quinolone)	DX-619 (new quinolone) CS-758 (azole antifungal) CS-8958 (anti-influenza)	DU-6859a (new quinolone/US) CS-023 (carbapenem antibiotic/licensed-out to Roche)		SUN A0026 (penem-type antibiotic/registration preperation/licensed-out to Replidyne)
	Japan	Cravit CARBENIN BANAN Tarivid	DX-619 (new quinolone) DC-159a (new quinolone)	CS-023 (carbapenem antibiotic)		DU-6859a (new quinolone)	DF-098 (Act-HIB/Hib vaccine)
Cancer	EU/USA	camptoser	CS-1008 (anti-DR5 antibody) CS-7017 (PPARγ activator)		DJ-927 (anti-cancer/oral taxane deriv.)		
	Japan	KRESTIN Topotecin		DJ-927 (anti-cancer/oral taxane deriv.)			☆CPT-11 (pancreatic cancer/Topotecin add indic.)
Immunological allergic diseases	EU/USA		CS-0777 (immunosuppressant)	DW-908e (VLA-4 inhibitor)			
	Japan	Zyrtec	DW-908e (VLA-4 inhibitor)		CS-712 (cedar pollen pollinosis)	IGE025 (anti-IgE antibody)	
Bone/Joint diseases etc.	EU/USA	Venofer Evoxac	SUN11031 (anti anorexia nervosa) OCIF (anti osteoporosis)	SUN N8075 (acute ischemic stroke/ licensed-out to Taisho)	CS-706 (COX-2 inhibitor) SUN 4057 (acute ischemic stroke) CS-088 (antiglaucoma/licensed-out to Santen)	SUN0588r (BH4-responsive hyperphenylalaninemia/ licensed-out to Biomarin)	
	Japan	Omnipaque LOXONIN KREMEZIN ZANTAC Mobic Omniscan FERON KELNAC Neuer Evoxac Adenoscan	SUN N8075 (acute ischemic stroke/ license-out to Taisho) CS-011 (dry eye/licensed-out to Santen)	SUN11031 (anti anorexia nervosa)	CS-088 (antiglaucoma/licensed-out to Santen) SUN E3001 (anti osteoporosis/licensed-out to Chugai)	☆CS-600G (loxoprofen gel/P3 preparation) SUN Y7017 (memantine/ mild to moderate and severe dementia of Alzheimer's type) CS-801 (pollakiuria and urinary incontience) ☆DL-8234 (FERON add indic./hepatitis/with Ribavirin) ☆CS-1401E (pain relief during anesthesia)	☆LX-A (loxoprofen patch) Gabalon Intrathecal (approval) (ITB/Intrathecal Baclofen therapy) DD-723 (Sonazoid/ultrasound contrast media) KMD-3213 (silodosin/treatmant of dysuria associated with benign prostatic hyperplasia) ☆DL-8234 (FERON add indic./liver cirrhosis)
	China				KMD-3213 (silodosin/treatmant of dysuria associated with benign prostatic hyperplasia)		

Underline : Changes from the most recent announcement in November 2005
☆additional indications, new formulations etc.

Daiichi-Sankyo GROUP Research & Development Pipeline (1)

Therapeutic Area	Development Code Number	Generic Name	Brand Name	Dosage Form/Route	Class/Indication	Origin
Cardiovascular diseases	CS-747	Prasugrel	–	Oral	Ischemic disease (Anti-platelet agent)	Sankyo, Ube Industries
	–	Hepatocyte growth factor DNA plasmid	–	Injection	Vascular regeneration therapy by HGF-DNA	AnGes MG (Sales agreement)
	DU-176b	–	–	Oral	Oral factor Xa inhibitor	Daiichi
	☆CS-866	Olmesartan medoxomil	OLMETEC (Japan)	Oral	Antihypertensive Diabetes-related kidney dysfunction, Chronic glomerulonephritis, Micro albuminuria prevention	Sankyo
	☆CS-8663	Olmesartan medoxomil, Amlodipine besilate	–	Oral	Antihypertensive	Sankyo
	☆CS-866AZ	Olmesartan medoxomil, Azelnidipine	–	Oral	Antihypertensive	Sankyo
	☆CS-866CMB	Olmesartan medoxomil, Hydrochlorothiazide	–	Oral	Antihypertensive	Sankyo
	SUN 4936h	Carperitide (Recombinant)	HANP	Injection	Acute heart failure (α-human atrial natriuretic peptide)	Daiichi Asubio

☆additional indications, new formulations etc.

Region	Developer	Stage	Comments
EU/USA	Sankyo, Eli Lilly	P－III	･In nonclinical trials, this antithrombotic drug exhibited stronger activity in inhibiting platelet aggregation and faster manifestation of activity compared to other drugs. ･In clinical trials, it was confirmed that there were few differences among individuals in the inhibition of platelet aggregation. ･Co-development with Eli Lilly in Europe and USA
Japan	Sankyo	P－ I	
EU/USA	AnGes MG	P－II (PAD)	Intramuscular injection of HGF-DNA in the diseased area generates hepatocyte growth hormone, which induces regeneration of blood vessels in patients with peripheral arterial diseases (PAD), e.g. arteriosclerotic obliteration, Buerger's disease, or coronary arterial diseases (CAD), e.g. cardiac infarction and angina pectoris. Daiichi obtained exclusive marketing rights in Japan, the US and Europe, and will fully support development by AnGes MG and will contribute to the international development of regenerative medicine.
		P－ I (CAD)	
Japan		P－III (PAD)	
		P－ I Preparation (CAD)	
EU/USA	Daiichi	P－II	･An anticoagulant possessing anti-Xa activity, with confirmed high oral absorption within human trials. ･Basic effectivness and safety have been attained for prescribed dosage.
Japan	Daiichi	P－ I	
－	－	－	･Launch : USA02/05, EU02/10, Japan04/05 ･Currently under development in several other countries
Japan/EU	Sankyo	－	･In Japan, ORIENT trials are underway（diabetic nephropathy, chronic glomerulonephritis) ･In Europe, ROADMAP trials are underway (microalbuminuria prevention)
EU/USA	Sankyo	P－III	Olmesartan/Ca channel blocker (Amlodipine) combination
Japan	Sankyo	P－ I	Olmesartan/Ca channel blocker (Azelnidipine) combination
Japan	Sankyo	P－ I	･Launch : USA03/09, EU05/06 ･Olmesartan/diuretic (Hydrochlorothiazide) combination
EU/USA	Astellas Pharma US	P－II	･Carperitide is an α-human atrial natriuretic peptide which has both vasodilating and diuretic activity. Since approval of HANP in 1995 in Japan, its sales have been steadily growing and is now playing a central role in the treatment of acute heart failure. ASB expects HANP to take root overseas as well. ･Licensed-out to Astellas Pharma US

[project after P II]

Daiichi-Sankyo GROUP Research & Development Pipeline (2)

Therapeutic Area	Development Code Number	Generic Name	Brand Name	Dosage Form/Route	Class/Indication	Origin
Glucose metabolic disorders	SNK-860	Fidarestat	–	Oral	Diabetic neuropathy (Aldose reductase inhibitor)	Sanwa Kagaku Kenkyusho
	CS-011	Rivoglitazone	–	Oral	Antidiabetic (Glitazone agent that improves insulin resistance)	Sankyo
	CS-917	–	–	Oral	Antidiabetic (Gluconeogenesis inhibitor)	Sankyo, Metabasis
	☆WelChol	Colesevelam hydrochloride	–	Oral	Antidiabetic	Genzyme
Infectious diseases	DF-098	Haemophilus influenzae type b conjugate vaccine	Act-HIB	Injection	Haemophilus influenzae type b conjugate vaccine for pediatric use	Sanofi Pasteur - Daiichi Vaccines (Sales agreement)
	DU-6859a	Sitafloxacin hydrate	–	Injection	New quinolone	Daiichi
			Gracevit	Oral		
	CS-023	–	–	Injection	Antibiotics (Carbapenem)	Sankyo
	SUN A0026	Faropenem medoxomil	–	Oral	Antibiotics	Daiichi Asubio
Cancer	DJ-927	–	–	Oral, Injection	Cancer chemotherapeutic (Taxane deriv.)	Daiichi
	☆CPT-11	Irinotecan hydrochloride	Topotecin	Injection	Cancer chemotherapeutic (Camptothecin deriv.) ･pancreatic cancer	Yakult

☆additional indications, new formulations etc.

Region	Developer	Stage	Comments
EU/USA	Sankyo, Sanwa Kagaku Kenkyusho	P－III Preparation	・Co-development with Sanwa Kagaku Kenkyusho in Europe and USA ・Co-development with Sanwa Kagaku Kenkyusho and N.K. Curex in Europe and USA
EU/USA	Sankyo	P－II	・A new glitazone type antidiabetic drug which exhibits strong PPAR γ activity.
Japan	Sankyo	P－ I Preparation	
EU/USA	Sankyo	P－II	・An antidiabetic drug which blocks fructose-1,6-biphosphate which is an enzyme which governs gluconeogenesis in the liver.
EU/USA	Sankyo	P－III	This drug is anticipated to be a supplement to diet and exercise therapy for type-2 diabetes patients where ordinary treatment is found to be ineffective.
Japan	Sanofi Pasteur - Daiichi Vaccines	Application (03.3)	Haemophilus influenzae type b conjugate vaccine useful for the prevention of bacterial meningitis in children. Introduced from Sanofi Pasteur and developed and filed for approval by joint venture Sanofi Pasteur-Daiichi Vaccines.
USA	Daiichi	P－II	・A next-generation new quinolone agent with broad-spectrum and potent antibacterial activity, expected to be also effective for severe infections. ・In Japan, clinical trials are underway for the development of an oral formulation to treat respiratory tract infection and urinary tract infection. ・In the U.S., clinical trials are underway for the development of an injectable formulation to treat severe infectious diseases.
Japan	Daiichi	P－III	
EU/USA	Roche	P－II	・A carbapenem antibiotic possessing strong activity and a broad antibacterial spectrum targeting various pathogenic bacteria including drug resistant bacterium. ・Licensed-out to Roche in Europe and USA
Japan	Sankyo	P－ I	
USA	Replidyne	Registration preparation	・Faropenem medoxomil is a prodrug of Faropenem sodium, the first oral penem-type antibiotic launched in 1997 in Japan. It is orally active and well absorbed through the gastro-intestinal tract, and rapidly converted to Faropenem. It is effective against various infections, including the problematic antibiotic-resistant bacteria, PRSP (penicillin-resistant Streptococcus pneumoniae). ・Licensed-out to Replidyne in the U.S.A.
EU/USA	Daiichi	P－II	A taxane derivative anti-cancer agent available for oral administration. Shows a broader anti-tumor spectrum than the existing agents in the same class (docetaxcel, paclitaxcel), as well as reduced neurological toxicity in nonclinical trials.
Japan	Daiichi	P－ I	
Japan	Daiichi, Yakult	Application (04.5)	In addition to previously approved indications for gastric and colorectal cancers, indications for pancreatic cancer for which few effective drugs currently exist shall be added, and irinotecan is anticipated to become a standard agent in gastrointestinal cancer therapy.

[project after P II]

Daiichi-Sankyo GROUP Research & Development Pipeline（3）

Therapeutic Area	Davelopment Code Number	Generic Name	Brand Name	Dosage Form/Route	Class/Indication	Origin
Immunological allergic diseases	IGE025	Omalizumab	Xolair	Injection	Bronchial asthma, allergic rhinitis	Novartis
	CS-712	–	–	Oral	Cedar pollen pollinosis (Oral immune desensitization)	Sankyo
Bone/Joint diseases etc.	CS-706	–	–	Oral	Anti-inflammatory and analgesic	Sankyo
	☆LX-A	Loxoprofen sodium	–	Patch	Anti-inflammatory and analgesic	Sankyo
	☆CS-600G	Loxoprofen sodium	–	Gel	Anti-inflammatory and analgesic	Sankyo
	DL-404	Intrathecal Baclofen (ITB)	Gabalon Intrathecal	Intrathecal (Implanted system)	ITB (Intrathecal Baclofen therapy) (Orphan drug)	Medtronic
	DD-723	–	Sonazoid	Injection	Ultrasound contrast media	GE Healthcare
	KMD-3213	Silodosin	–	Oral	Treatment of dysuria associated with benign prostatic hyperplasia (Selective alpha 1A-blocker)	Kissei
	SUN Y7017	Memantine hydrochloride	–	Oral	Dementia of Alzheimer type (NMDA receptor antagonist)	Merz (Germany)
	CS-801	Oxybutinin	–	Patch	Pollakiuria and urinary incontinence	Watson Pharmaceuticals
	SUN N4057	–	–	Injection	Acute Ischemic Stroke (Serotonin (5-HT) 1A receptor agonist)	Daiichi Asubio
	☆DL-8234	Interferon-β	FERON	Injection	Hepatitis C liver cirrhosis Hepatitis C (with Ribavirin)	Toray
	☆CS-1401E	Fentanyl citrate	Fentanest	Injection	Pain relief during anesthesia	Janssen
	CS-088	Olmesartan medoxomil	–	Eyedrops	Antiglaucoma	Sankyo
	SUN0588r	Sapropterin hydrochloride (Tetrahydrobiopterin)	Biopten	Oral	BH4-responsive hyperphenylalaninemia	Daiichi Asubio
	SUN E3001	(Trivial Name) Human parathyroid hormone [hPTH]	–	Nasal Spray (Liquid type)	Osteoporosis	Daiichi Asubio

☆additional indications, new formulations etc.

Region	Developer	Stage	Comments
Japan	Sankyo, Novartis	P－III	･Anti-IgE antibody ･Co-development with Novartis only in Japan ･In the West, developed by Novartis. Already marketed in the U.S.
Japan	Sankyo	P－II	Technical collaboration with Hayashibara Biochemical Laboratories
EU/USA	Sankyo	P－II	･COX-2 inhibitor ･The results of PK/PD trial suggested administration once per day.
Japan	Sankyo, Lead Chemical	Application (03.6)	･Loxoprofen patch ･Co-development with Lead Chemical
Japan	Sankyo	P－III Preparation	･Loxoprofen gel ･Formulation by TOKO YAKUHIN KOGYO
Japan	Daiichi, Medtronic	Approval (05.4)	･Medtronic's Infusion System directly infuses baclofen into the spinal cavity, maintaining a high level of baclofen in the action site which has remarkable efficacy and improves QOL of patients with cerebral palsy, spinal cord injury, etc. ･After co-development with Medtronic, Daiichi will market both the injectable solution and Infusion System in Japan.
Japan	Daiichi	Application (04.5)	･An ultrasound contrast medium for diagnosis of the liver. ･Intravenous administration of the medium enables detection of liver tumors at bedside.
Japan	Daiichi, Kissei	Application (04.6)	･An alpha1A blocker which effectively reduces urinary tract resistance and improves dysuria associated with benign prostatic hyperplasia. ･Reduces cardiocvascular side effects due to its alpha1A selectivity.
China	Daiichi	P－II	
Japan	Daiichi Asubio	(Mild to moderate) P－III (Moderately severe to severe) P－III	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 it's neuroprotective action, which is distinct from cholinesterase inhibitors. The phaseIII trial for moderately severe to severe dementia of Alzheimer type has started, and the phaseIII trial for mild to moderate dementia of Alzheimer type is on-going. Memantine was approved by an EU agency in May 2002 for the treatment of moderately severe to severe Alzheimer's disease (AD). In the USA, the FDA approved the drug in the treatment of severe AD in Oct. 2003.
Japan	Sankyo	P－III	･Oxybutynin patch ･In the West, developed and sold by Watson.
EU/USA	Daiichi Asubio	P－II	SUN N4057 is a neuroprotective agent that increases cerebral inhibitory neurotransmission via activation of serotonin (5-HT) 1A receptors. SUN N4057 can inhibit ischemic neuronal death and is expected to minimize infarction size during the acute stage and improve prognosis in acute stroke patients.
Japan	Daiichi, Toray	Application (05.2) P－III	･A natural interferon-beta preparation with reduced adverse reactions, such as depression and alopecia, in comparison with interferon-alpha. ･Daiichi has filed an application for an additional indication for the agent targeting hepatitis C liver cirrhosis in February 2005. The agent is undergoing clinical trials as an additional indication for targeting hepatitis C with rebavirin.
Japan	-	P－III	･Doctor-initiated investigation. ･Expanded adaptation of the opioid analgesic fentanyl citrate (Fentanest) toward infants (directions for use and dosage).
EU/USA	Santen	P－II	Licensed-out to Santen
Japan		P－II	
EU/USA	BioMarin	P－III	･Biopten was approved in Japan as an etiologic therapeutic agent to treat atypical hyperphenylalaninemia (an inherited metabolic disease caused by BH4 deficiency) in 1992. Recent clinical investigations indicated that a subgroup of hyperphenylalaninemia, caused by phenylalaninehydroxylase (PAH) deficiency, responded to BH4. Based on these findings, ASB has become involved in the development of BH4 for BH4-responsive hyperphenylalaninemia. ･Licensed-out to BioMarinin USA
Japan	Chugai	P－II	･PTH is a novel anti-osteoporosis drug that stimulates bone formation, in contrast to major current drugs on the market which possess activity which inhibits bone resorption. SUN E3001, a nasal spray of hPTH (1-34), is expected to demonstrate better patient compliance compared to the injection type of PTH marketed in the US. ･Licensed-out to Chugai

[project after P II]

Gross Sales

Fiscal Year
Millions of yen

	Brand Name	2004 Results			2005 Estimates						%Change	
		1 st. Half	2nd. Half	Full Year	1 st. Half		2nd. Half		Whole Year		1st. Half	Full Year
					Estimate	Results	Estimate	Revised Estimate	Estimate	Revised Estimate		
Prescription drug sales in Japan	MEVALOTIN	42,600	39,900	82,500	38,700	38,500	37,900	37,400	76,600	75,900	-9.6%	-8.0%
	Panaldine	14,900	13,700	28,600	13,600	14,700	13,000	13,400	26,600	28,100	-1.3%	-1.7%
	Artist	7,700	7,900	15,600	9,000	9,100	9,200	9,000	18,200	18,100	18.2%	16.0%
	Sunrythm	5,600	5,500	11,100	6,000	6,000	5,900	5,900	11,900	11,900	7.1%	7.2%
	ACECOL	5,800	5,100	10,900	4,500	4,800	4,300	4,300	8,900	9,100	-17.2%	-16.5%
	OLMETEC	4,500	4,500	9,000	7,700	10,000	11,600	14,000	19,300	24,000	122.2%	166.7%
	Coversyl	4,500	4,200	8,700	4,600	4,500	4,300	4,300	8,900	8,800	0.0%	1.1%
	HANP	3,000	4,000	7,000	3,700	3,900	4,700	4,800	8,400	8,700	30.0%	24.3%
	Transamin	1,800	2,100	3,900	1,800	1,900	2,000	2,000	3,800	3,900	5.6%	0.0%
	CALBLOCK	1,200	1,800	3,000	3,000	3,000	4,000	4,100	7,000	7,100	150.0%	136.7%
	Slonnon	1,100	1,100	2,200	1,300	1,200	1,200	1,200	2,500	2,400	9.1%	9.1%
	LIVALO	600	1,500	2,100	1,700	2,000	1,900	1,900	3,700	3,900	233.3%	85.7%
	FASTIC	2,700	2,700	5,400	2,800	2,700	2,600	2,800	5,400	5,500	0.0%	1.9%
	Cravit	20,800	26,300	47,100	21,400	23,600	26,000	26,600	47,400	50,200	13.5%	6.6%
	Tarivid	1,000	1,200	2,200	900	1,000	1,200	1,150	2,100	2,150	0.0%	-2.3%
	New Quinolone	21,800	27,500	49,300	22,300	24,600	27,200	27,750	49,500	52,350	12.8%	6.2%
	CARBENIN	4,000	3,800	7,800	3,600	3,400	3,500	3,500	7,100	6,900	-15.0%	-11.5%
	BANAN	2,600	3,000	5,600	2,100	2,000	2,600	2,800	4,700	4,800	-23.1%	-14.3%
	Topotecin	1,800	2,100	3,900	2,300	2,500	2,300	2,500	4,600	5,000	38.9%	28.2%
	Zyrtec	4,200	7,200	11,400	4,700	5,600	6,000	6,000	10,700	11,600	33.3%	1.8%
	Alesion	2,700	5,000	7,700	2,500	2,600	3,400	-	5,900	2,600	-3.7%	-66.2%
	LOXONIN	14,000	14,600	28,600	13,600	14,300	14,100	14,400	27,700	28,700	2.1%	0.3%
	Mobic	3,800	4,700	8,500	5,300	5,400	5,200	5,400	10,500	10,800	42.1%	27.1%
	Miltax	3,100	2,800	5,900	3,200	3,100	3,000	3,000	6,200	6,100	0.0%	3.4%
	Vial incl. plastic bottle	4,300	3,800	8,100	4,100	4,100	3,700	3,600	7,800	7,700	-4.7%	-4.9%
	Syringe	13,600	12,500	26,100	13,000	13,900	12,500	12,500	25,500	26,400	2.2%	1.1%
	Omnipaque	17,900	16,300	34,200	17,100	18,000	16,200	16,100	33,300	34,100	0.6%	-0.3%
	KREMEZIN	7,100	6,500	13,600	6,900	6,600	7,100	6,600	14,000	13,200	-7.0%	-2.9%
	ZANTAC	4,400	4,100	8,500	3,900	3,900	3,700	3,600	7,600	7,500	-11.4%	-11.8%
	Omniscan	2,600	2,500	5,100	2,700	2,800	2,600	2,600	5,300	5,400	7.7%	5.9%
	FERON	2,200	1,900	4,100	1,800	2,000	1,800	2,000	3,600	4,000	-9.1%	-2.4%
	Pantosin	1,900	1,800	3,700	1,800	1,900	1,800	1,800	3,600	3,700	0.0%	0.0%
	Neuer	1,200	1,100	2,300	1,100	1,100	1,000	1,000	2,100	2,100	-8.3%	-8.7%
	Evoxac	600	600	1,200	700	700	700	700	1,400	1,400	16.7%	16.7%

Fiscal Year

Millions of yen

	Brand Name	2004 Results 1 st. Half	2004 Results 2nd. Half	2004 Results Full Year	2005 Estimate 1 st. Half Estimate	2005 Estimate 1 st. Half Results	2005 Estimate 2nd. Half Estimate	2005 Estimate 2nd. Half Revised Estimate	2005 Estimate Whole Year Estimate	2005 Estimate Whole Year Revised Estimate	%Change 1st. Half	%Change Full Year
O.T.C. drug sales in Japan	LuLu series	4,200	4,400	8,600	4,300	4,700	5,000	4,900	9,300	9,600	11.9%	11.6%
	Ichoyaku series	1,500	1,500	3,000	1,500	1,600	1,800	1,800	3,400	3,400	6.7%	13.3%
	Karoyan Gush (04/06)	1,800	600	2,400	1,300	500	1,300	1,000	2,600	1,500	-72.2%	-37.5%
	Karoyan series (excluding Karoyan	600	800	1,400	600	600	600	600	1,200	1,200	0.0%	-14.3%
	Regain series	1,300	1,050	2,350	1,400	1,400	1,100	1,200	2,500	2,600	7.7%	10.6%
	Patecs series	1,100	1,000	2,100	1,100	1,100	1,000	1,100	2,100	2,200	0.0%	4.8%
	Lamisil AT	1,100	1,000	2,100	1,300	1,100	800	1,000	2,100	2,200	0.0%	4.8%
	Cystina C	800	400	1,200	800	500	600	300	1,400	800	-37.5%	-33.3%
Overseas Sales	Mevalotin Exports (bulk, finished prep.)	43,200	33,800	77,000	33,200	38,600	23,800	21,100	57,000	59,700	-10.6%	-22.5%
	Cravit (bulk)	13,000	10,800	23,800	13,100	14,600	11,900	14,000	25,000	28,600	12.3%	20.2%
	Cravit (finished prep.)	200	200	400	200	300	200	300	400	600	50.0%	50.0%
	Cravit※1	13,200	11,000	24,200	13,300	14,900	12,100	14,300	25,400	29,200	12.9%	20.7%
	Tarivid (bulk)	700	700	1,400	500	700	500	400	1,000	1,100	0.0%	-21.4%
	Tarivid (finished prep.)	100	200	300	100	100	100	100	200	200	0.0%	-33.3%
	Tarivid ※1	800	900	1,700	600	800	600	500	1,200	1,300	0.0%	-23.5%
	SPI Benicar※2	13,600	16,700	30,300	21,400	22,800	22,500	24,900	43,900	47,700	67.6%	57.4%
	($)	(125)	(155)	(280)	(204)	(215)	(214)	(228)	(418)	(443)		
	WelChol※2	6,700	5,900	12,600	6,700	7,400	5,400	6,600	12,100	14,000	10.4%	11.1%
	($)	(61)	(55)	(116)	(63)	(69)	(52)	(61)	(116)	(130)		
	LPI Venofer※2	9,300	10,100	19,400	7,600	10,300	7,700	10,700	15,300	21,000	10.8%	8.2%
	($)	(86)	(94)	(180)	(73)	(97)	(73)	(98)	(146)	(195)		
	SPG Olmetec※2	2,100	3,700	5,800	8,000	7,200	6,400	7,700	14,400	14,900	242.9%	156.9%
	(Euro)	(15)	(28)	(43)	(57)	(53)	(47)	(56)	(103)	(109)		
	Mevalotin※2	6,200	4,200	10,400	2,400	2,400	2,600	2,700	4,900	5,100	-61.3%	-51.0%
	(Euro)	(46)	(32)	(78)	(17)	(18)	(18)	(20)	(35)	(38)		
	Banan※2	1,100	1,700	2,800	1,800	1,800	1,200	1,200	3,000	3,000	63.6%	7.1%
	(Euro)	(8)	(13)	(21)	(13)	(13)	(8)	(9)	(21)	(22)		

※1 Exchange rate 1＄＝standard (actual)

	2004 1st Half	2004 2nd Half	2004 Full Year	2005 1st Half Estimate	2005 1st Half Results	2005 2nd Half Estimate	2005 2nd Half Revised Estimate	2005 Whole Year Estimate	2005 Whole Year Revised Estimate
standard	105	105	105	105	—	105	—	105	—
(actual)	(108)	(105)	(107)		(109)				

※2 Exchange rate

	2004 1st Half	2004 2nd Half	2004 Full Year	2005 1st Half Estimate	2005 1st Half Results	2005 2nd Half Estimate	2005 2nd Half Revised Estimate	2005 Whole Year Estimate	2005 Whole Year Revised Estimate
1＄＝	108.50	—	108.23	105	106.10	105	—	105	107.83
1EURO＝	133.17	—	134.47	140	136.26	140	—	140	136.08

Sankyo Group

Company name / Principle activities	Country	Established	Paid-in-capital (thousands)	Equity owned by the parent company(%)
Wakodo Co., Ltd. Manufacturing and marketing of baby food and milk products	Japan	1953	¥2,918,000	61.2
Nihon Shoni Iji Shuppansya Co., Ltd. Publishing	Japan	1951	¥20,000	Wakodo 100.0
Wako Logistics Co., Ltd. Transport, warehousing and packaging	Japan	1951	¥21,000	Wakodo 100.0
Wako Food Industry Co., Ltd. Manufacturing and marketing of milk products	Japan	1937	¥25,000	Wakodo 100.0
Fuji Flour Milling Co., Ltd. Manufacturing and marketing of flour, bran, flour mixes and dried noodles	Japan	1941	¥500,000	66.6
Sankyo Organic Chemicals Co., Ltd. Manufacturing and marketing of pharmaceuticals; commissioned processing and packaging	Japan	1940	¥300,000	93.4
Nippon Nyukazai Co., Ltd. Manufacturing and marketing of surface-active agents and fine chemicals	Japan	1953	¥300,000	100.0
Sankyo Chemical Industries, Ltd. Manufacturing and marketing of fine chemicals, pharmaceuticals and its intermediates	Japan	1954	¥65,000	100.0
Hokkai Sankyo Co., Ltd Manufacturing and marketing of agrochemicals	Japan	1951	¥52,000	96.2
Meguro Chemical Industry Co., Ltd. Commissioned processing and packaging of food, pharmaceuticals, cosmetics	Japan	1954	¥40,000	100.0
F. P. Processing Co., Ltd. Manufacturing and marketing of synthetic resin film and processed paper products	Japan	1939	¥30,000	100.0
Institute of Science and Technology, Inc. Laboratory and biological assay of biogenic specimens and its commissioned business	Japan	1984	¥20,000	100.0
Sankyo Yell Yakuhin Co., Ltd. Manufacturing and marketing of pharmaceuticals, veterinary drugs, diagnostics	Japan	1932	¥96,000	100.0
Sankyo Agro Co., Ltd. Manufacturing and marketing and exporting and importing of agrochemicals	Japan	2003	¥350,000	100.0
Sankyo Lifetech Co., Ltd. Manufacturing and marketing and exporting and importing of veterinary drugs and food additives	Japan	2003	¥300,000	100.0
Utsunoiya Chemical Industry Co., Ltd. Commissioned processing of agrochemicals	Japan	1951	¥20,000	Sankyo Agro 100.0
Sankyo Grundstucks GmbH Management of real estate	Germany	1990	Euro5,100	100.0
Sankyo Pharma GmbH (SPG) Development, manufacturing and marketing of pharmaceuticals	Germany	1990	Euro16,000	100.0
Sankyo Pharma UK Ltd. Marketing of pharmaceuticals	UK	1986	£19,500	SPG 100.0
Sankyo Pharma Espana S.A. Marketing of pharmaceuticals	Spain	1964	Euro120	SPG 100.0
Sankyo Pharma Italia S.p.A. Marketing of pharmaceuticals	Italy	1970	Euro120	SPG 100.0
Sankyo Pharma Portugal Lda. Marketing of pharmaceuticals	Portugal	1985	Euro349	SPG 100.0
Sankyo Pharmazeutika Austria GmbH Marketing of pharmaceuticals	Austria	1994	Euro18	SPG 100.0
Sankyo Pharma (Schweiz) AG Marketing of pharmaceuticals	Switzer land	1970	CHF3,000	SPG 100.0
Sankyo Pharma Nederland B.V. Marketing of pharmaceuticals	Holland	1997	Euro18	SPG 100.0
N.V. Sankyo Pharma Belgium S.A. Marketing of pharmaceuticals	Belgium	1997	Euro62	SPG 100.0
Oy Sankyo Pharma Finland Ab Marketing of pharmaceuticals	Finland	1996	Euro25	SPG 100.0
Sankyo Manufacturing France S.A.R.L. Manufacturing of pharmaceuticals	France	1974	Euro457	SPG 100.0
Dignos-Chemie GmbH Marketing of pharmaceuticals	Germany	1965	Euro40	SPG 100.0
Sankyo Pharma France S.A.S. Marketing of pharmaceuticals	France	2002	Euro2,182	SPG 100.0
Luitpold Pharmaceuticals Inc. Manufacturing and marketing of pharmaceuticals and veterinary	U.S.A	1946	US$200	SPI 100.0
Sino-Japan Chemical Co., Ltd. Manufacturing, marketing, exporting and importing of emulsifier and surface-active agents	Taiwan	1970	NT$144,000	52.0
Sankyo Pharma Inc. Research, development, and marketing of pharmaceuticals	U.S.A	1996	US$20,100	100.0

Daiichi Pharmaceutical Group

Company name Principle activities	Country	Established	Paid-in-capital (thousands)	Equity owned by the parent company(%)
Daiichi Pure Chemicals Co., Ltd. Manufacture and sale of pharmaceuticals and diagnostic reagents	Japan	1947	¥1,275,000	100.0
Daiichi Radioisotope Laboratories, Ltd.(DRL) Manufacture and sale of radiopharmaceuticals and radioisotope products	Japan	1968	¥1,400,000	100.0
Daiichi Pharmatech Co., Ltd.(DPK) Manufacture of pharmaceuticals	Japan	2004	¥100,000	100.0
Daiichi Fine Chemical Co., Ltd. (DFK) Manufacture and sale of pharmaceuticals and fine chemicals	Japan	1951	¥2,276,000	100.0
Daiichi Fine Chemicals, Inc.(DFC) Sale of fine chemicals and related products	USA	1995	US$0.1	DFK 100.0
Daiichi Fine Chemical Europe GmbH (DFE) Sale of fine chemicals and related products	Germany	1989	EUR511	DFK 100.0
Saitama Daiichi Pharmaceutical Co., Ltd. Manufacture and sale of pharmaceuticals	Japan	1963	¥1,005,500	100.0
Daiichi Suntory Pharma Co., Ltd. (DSP) ***Daiichi Asubio Pharma(October 2005～)** Research, development, manufacture, and marketing of pharmaceuticals	Japan	2002	¥1,000,000	100.0
Daiichi Asubio Pharmaceuticals, Inc. Clinical development of pharmaceuticals	USA	1999	US$0.001	DSP 100.0
Daiichi Asubio Holdings, Inc.(ASBH) Holding company of DAIAMED	USA	1999	US＄6,000	DSP 100.0
Daiichi Asubio Medical Research Laboratories LLC(DAIAMED) Exploratory Research of pharmaceuticals	USA	2000	US$3,000	ASBH 100.0
Daiichi Estate Co., Ltd. Real estate and travel agency services	Japan	1956	¥100,000	100.0
Daiichi Butsuryu Co., Ltd. Logistics services	Japan	1965	¥50,000	100.0
D. P. C. Medical Co., Ltd. Supply and planning of sales promotional materials	Japan	1995	¥50,000	100.0
Kanto Daiichi Service Co., Ltd. Security and maintenance services	Japan	1979	¥10,000	100.0
Daiichi Pharma Holdings,Inc.(DPH) Holding company of DPC and DMR	USA	2004	US$150	100.0
Daiichi Pharmaceutical Corporation (DPC) Sale of pharmaceuticals	USA	1982	US$0.001	DPH 100.0
Daiichi Medical Research,Inc.(DMR) Clinical development of pharmaceuticals	USA	2004	US$0.002	DPH 100.0
Daiichi Pharmaceuticals UK Ltd.(DPL) Sale and clinical development of pharmaceuticals	UK	1993	￡400	100.0
Daiichi Pharmaceutical (Beijing) Co., Ltd.(DPP) Manufacture and sale of pharmaceuticals	China	1998	US$53,800	100.0
Daiichi Pharmaceutical (China) Co., Ltd.(DPB) Clinical development of pharmaceuticals	China	1995	US$10,000	100.0
Daiichi Pharmaceutical Asia Ltd. (DPA) Sales promotional services for pharmaceuticals	Hong Kong	1988	HK$3,000	100.0
Daiichi Pharmaceutical Taiwan Ltd.(TDS) Manufacture and sale of pharmaceuticals	Taiwan	1963	NT$80,000	100.0
Daiichi Pharmaceutical Korea Co., Ltd.(KDP) Sale of pharmaceuticals	Korea	1990	W3,000,000	70.0
Daiichi Pharmaceutical (Thailand) Ltd.(DPT) Sale of pharmaceuticals and fine chemicals	Thailand	1994	Baht10,000	100.0
Laboratoires Daiichi Sanofi-Synthelabo(LDS) Clinical development of pharmaceuticals	France	1989	EUR154	51.0

CONSOLIDATED

(Sankyo Co.,Ltd.)

The following interim financial information is prepared in accordance with accounting principles and practices for interim settlement generally accepted in Japan.

Operating results

(Millions of yen) Figures of less than 1 million yen are rounded down.

	1st Half ending March, 2006	1st Half ended March, 2005	Change (%)
Net sales	286,207	289,988	▲1.3
Operating income	48,101	49,159	▲2.2
Ordinary income	49,899	50,073	▲0.3
Net income	31,953	37,965	▲15.8
Net income per share (yen)	¥74.79	¥88.39	▲15.4

Financial position

	1st Half ending March, 2006	1st Half ended March, 2005
Total assets (millions of yen)	961,383	949,645
Shareholders' equity (millions of yen)	732,146	707,726
Shareholders' equity / assets (%)	76.2%	74.5%
Shareholders' equity per share (yen)	¥1,731.85	¥1,647.67

Cash flows

(Millions of yen)

	1st Half ending March, 2006	1st Half ended March, 2005
Cash flows from operating activities	36,993	57,817
Cash flows from investing activities	▲10,283	2,466
Cash flows from financing activities	▲32,605	▲11,167
Cash and cash equivalents at the end of the period	257,304	244,103

Consolidation

Consolidated subsidiaries	33
Equity-method non-consolidated subsidiaries	0
Equity-method affiliated companies	0

Outlook for the year ending March 31, 2006

(Millions of yen)

Net sales	565,000
Ordinary income	70,000
Net income	41,000

FY2004

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	change	Million yen	change	Million yen	change	Million yen	change
1st half	289,988	▲2.2%	49,159	▲3.7%	50,073	▲1.0%	37,965	59.3%
2nd half	297,842	▲0.7%	35,766	▲19.6%	32,433	▲25.3%	10,317	▲47.3%
Full year	587,830	▲1.4%	84,925	▲11.1%	82,506	▲12.2%	48,282	11.2%

FY2005 (Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	change	Million yen	change	Million yen	change	Million yen	change
1st half	279,000	▲3.8%	36,000	▲26.8%	36,000	▲28.1%	23,000	▲39.4%
(revised in July)	(281,500)	(▲2.9%)	(42,000)	(▲14.6%)	(42,000)	(▲16.1%)	(27,000)	(▲28.9%)
2nd half	278,000	▲6.7%	26,000	▲27.3%	27,000	▲16.8%	14,000	35.7%
Full year	557,000	▲5.2%	62,000	▲27.0%	63,000	▲23.6%	37,000	▲23.4%
(revised in July)	(559,500)	(▲4.8%)	(68,000)	(▲19.9%)	(69,000)	(▲16.4%)	(41,000)	(▲15.1%)

FY2005 (New Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	change	Million yen	change	Million yen	change	Million yen	change
1st half result	286,207	▲1.3%	48,101	▲2.2%	49,899	▲0.3%	31,953	▲15.8%
2nd half	278,793	▲6.4%	19,899	▲44.4%	20,101	▲38.0%	9,047	▲12.3%
Full year	565,000	▲3.9%	68,000	▲19.9%	70,000	▲15.2%	41,000	▲15.1%
Difference from estimate	8,000		6,000		7,000		4,000	
revised in July	(5,500)		(0)		(1,000)		(0)	
Increase/decrease	▲22,830		▲16,925		▲12,506		▲7,282	

FY2005 (New Estimate) non-consolidated

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	change	Million yen	change	Million yen	change	Million yen	change
1st half result	163,656	▲6.4%	33,741	▲17.7%	35,122	▲19.3%	17,907	▲48.4%
2nd half	144,344	▲12.7%	12,259	▲47.7%	11,878	▲42.3%	4,093	42.9%
Full year	308,000	▲9.4%	46,000	▲28.6%	47,000	▲26.7%	22,000	▲41.4%
Difference from estimate	1,000		▲ 2,000		▲ 3,000		▲ 6,000	
Increase/decrease	▲32,091		▲18,441		▲17,124		▲15,548	

Ratio of consolidated

	FY2003	FY2004			FY2005	FY2005		
		1st half	2nd half	Full year	Estimate	1st half	2nd half (New Estimate)	Full year (New Estimate)
Net sales	1.58	1.66	1.80	1.73	1.81	1.75	1.93	1.83
Operating income	1.03	1.20	1.53	1.32	1.29	1.43	1.62	1.48
Ordinary income	1.00	1.15	1.58	1.29	1.26	1.42	1.69	1.49
Net income	0.77	1.09	3.60	1.29	1.32	1.78	2.21	1.86

	End FY04	1H FY05	Increase/ decline	change	Remarks
Sankyo	411,705	399,549	▲12,156	▲3.0%	
Subsidiaries	194,362	196,150	+1,788	+0.9%	
Current assets	606,067	595,699	▲10,368	▲1.7%	
Cash and deposits	133,346	123,016	▲10,331	▲7.7%	
Securities	98,697	90,354	▲8,344	▲8.5%	
	8.2 months	7.8months	▲0.4 months		
Sankyo	232,043	213,370	▲18,673	▲8.0%	
Cash and deposits	42,614	44,853	+2,239	+5.3%	
Securities	47,935	57,654	+9,719	+20.3%	Increase at overseas subsidiaries SPI and LPI (working capital)
Subsidiaries	90,549	102,507	+11,958	+13.2%	
Cash and deposits	175,960	167,869	▲8,090	▲4.6%	
Securities	146,632	148,008	+1,376	+0.9%	
	6.6 months	6.6 months	±0.0 months		
Cash on hand	322,592	315,877	▲6,715	▲2.1%	
Bills receivable	2,813	2,382	▲431	▲15.3%	Receivables retention period (months)
Trade receivable	101,292	101,549	+256	+0.3%	3.7-3.8 months at end of FY04
Sankyo	104,105	103,931	▲174	▲0.2%	
Subsidiaries	58,337	49,637	▲8,700	▲14.9%	Decline at domestic agrochemical business (due to seasonal factors)
Bills and accounts receivable	162,442	153,568	▲8,874	▲5.5%	
Sankyo	-	7,717	+7,717	-	Shift from former Daiichi pharmaceuticals shares
Subsidiaries	-	0	(±)0	-	
Parent company share	-	7,717	+7,717	-	
Products	19,307	16,561	▲2,746	▲14.2%	
Semi-finished products and work in progress	25,846	23,345	▲2,501	▲9.7%	
Raw materials	8,201	8,683	+482	+5.9%	
Sankyo	53,354	48,589	▲4,765	▲8.9%	
Subsidiaries	36,625	37,131	+506	+1.4%	
Inventory	89,979	85,720	▲4,258	▲4.7%	
Sankyo	18,158	18,485	+327	+1.8%	
Subsidiaries	3,674	3,832	+158	+4.3%	
Deferred tax assets	21,832	22,317	+485	+2.2%	
Prepaid expenses	341	3,147	+2,806	+822.9%	Prepayment of management administration fee to Daiichi Sankyo
Accounts receivable	2,360	2,796	+436	+18.5%	
Other	1,344	1,514	+170	+12.6%	
Sankyo	4,045	7,457	+3,412	+84.4%	
Subsidiaries	5,177	3,043	▲2,134	▲41.2%	
Other current assets	9,222	10,500	+1,278	+13.9%	

		End FY04	1H FY05	Increase/ decline	change	Remarks
Fixed assets	Sankyo	457,869	449,500	▲8,369	▲1.8%	
	Subsidiaries	-87,706	-83,817	+3,889	▲4.4%	
Fixed assets		370,163	365,683	▲4,480	▲1.2%	
Tangible fixed assets	Sankyo	146,765	143,824	▲2,941	▲2.0%	Depreciated ▲3,913 (suspend operation in part of the Mevalotin culture facility in the Onahama factory)
	Subsidiaries	49,674	49,059	▲615	▲1.2%	
Tangible fixed assets		196,439	192,883	▲3,556	▲1.8%	
Intangible fixed assets	Sankyo	10,430	6,873	▲3,557	▲34.1%	
	Subsidiaries	14,596	12,583	▲2,013	▲13.8%	
Intangible fixed assets		25,026	19,456	▲5,569	▲22.3%	
Investment securities	Sankyo	109,720	113,763	+4,043	+3.7%	
	Subsidiaries	4,760	8,523	+3,763	+79.1%	Increase at overseas subsidiary LPI (working capital)
Investment securities		114,480	122,286	+7,807	+6.8%	
Reference	**Affiliates' shares**	116,744	115,828	▲915	▲0.8%	
Long-term loans	Sankyo	10,317	9,912	▲405	▲3.9%	
	Subsidiaries	-4,441	-4,181	+260	▲5.9%	
Long-term loans		5,876	5,731	▲146	▲2.5%	
Deferred tax assets	Sankyo	12,485	7,888	▲4,597	▲36.8%	Offset against increase in deferred tax liabilities (book loss on investment securities)
	Subsidiaries	2,482	3,494	+1,012	+40.8%	Increase at overseas subsidiaries SPI and LPI
Deferred tax assets		14,967	11,382	▲3,585	▲24.0%	
Total assets	Sankyo	869,575	849,049	▲20,526	▲2.4%	
	Subsidiaries	106,655	112,334	+5,679	+5.3%	
Total assets		**976,230**	**961,383**	**▲14,848**	**▲1.5%**	

	End FY04	1H FY05	Increase/ decline	change	Remarks
Sankyo	141,581	121,480	▲20,101	▲14.2%	
Subsidiaries	108,627	97,967	▲10,660	▲9.8%	
Liabilities	250,208	219,447	▲30,761	▲12.3%	

Sankyo	87,276	68,021	▲19,255	▲22.1%	
Subsidiaries	86,436	76,119	▲10,317	▲11.9%	
Current liabilities	173,712	144,140	▲29,573	▲17.0%	

◇Bills and accounts payable

Sankyo	25,891	14,682	▲11,209	▲43.3%	Decrease in product accounts receivable
Subsidiaries	28,544	25,652	▲2,892	▲10.1%	
Sankyo Group	54,435	40,334	▲14,101	▲25.9%	

◇Corporate tax payable, etc.

Corporate tax payable	11,883	8,369	▲3,514	▲29.6%	
Business tax payable	2,919	2,611	▲308	▲10.6%	
Sankyo	14,802	10,981	▲3,822	▲25.8%	
Subsidiaries	2,102	3,940	+1,838	+87.4%	
Sankyo Group	16,904	14,921	▲1,983	▲11.7%	

◇Other current liabilities

Sankyo	46,583	42,358	▲4,225	▲9.1%	
Subsidiaries	55,790	46,527	▲9,263	▲16.6%	Domestic subsidiaries: Decrease due to repayment of short-term borrowings
Sankyo Group	102,373	88,885	▲13,488	▲13.2%	

◇Fixed liabilities

Sankyo	54,305	53,459	▲846	▲1.6%	
Subsidiaries	22,190	21,847	▲343	▲1.5%	
Sankyo Group	76,495	75,306	▲1,189	▲1.6%	

◇Provision for retirement benefit and directors' retirement allowance

Provision for retirement benefit	53,573	52,963	▲610	▲1.1%	
Provision for directors' retirement allowance	732	496	▲236	▲32.2%	
Sankyo	54,305	53,459	▲846	▲1.6%	
Subsidiaries	14,368	13,321	▲1,047	▲7.3%	
Provision for retirement benefit	66,843	65,405	▲1,438	▲2.2%	
Provision for directors' retirement allowance	1,830	1,375	▲454	▲24.9%	
Sankyo Group	68,673	66,780	▲1,893	▲2.8%	

	End FY04	1H FY05	Increase/ decline	change	Remarks

◇Minority interests

	End FY04	1H FY05	Increase/ decline	change	Remarks
Sanyo Group	9,434	9,788	+354		
Sankyo	727,993	727,568	▲425	▲0.1%	
Subsidiaries	-11,406	4,578	+15,984	▲140.1%	
Capital	716,587	732,146	+15,559	+2.2%	
Capital	68,793	68,793	(±)0	±0.0%	
Capital surplus	66,862	66,862	(±)0	±0.0%	
Sankyo	585,580	556,701	▲28,879	Net profit +17,907 Dividends ▲10,737 Directors' bonuses ▲82 Treasury stock ▲35,965	
Subsidiaries	-5,066	8,566	+13,632		
Retained earnings	580,514	565,267	▲15,247	Net profit +31,953 Dividends ▲10,737 Directors' bonuses ▲260 Treasury stock ▲35,965 Exclusion from consolidated companies ▲235	
Sankyo	27,176	35,217	+8,041	+29.6%	
Subsidiaries	681	898	+217	+31.9%	
Book profit	27,857	36,115	+8,259	+29.6%	
Exchange adjustment account	▲7,026	▲4,892	+2,133		
Treasury stock	▲20,412	(±)0	+20,412	End March 2005 9,990,256 shares Retired	
Sankyo	**869,575**	**849,049**	**▲20,526**	**▲2.4%**	
Subsidiaries	106,655	112,334	+5,679	+5.3%	
Total capital and liabilities	**976,230**	**961,383**	**▲14,848**	**▲1.5%**	

	1H FY04	1H FY05	Increase/ decline	Remarks

◆Sales ▲3,780

	1H FY04	1H FY05	Increase/ decline	Remarks
Mevalotin	42,641	38,542	▲4,099	Sales decline due to competition and generics
Export	43,260	38,654	▲4,606	US: Impact of competition; Europe: Accelerating effect of patent expiry (in August 2004 in Germany and UK)
Pravastatin total	85,901	77,196	▲8,705	
Olmetec	4,513	10,068	+5,555	Sales grew on increased use by medium and large hospitals after administration period restriction was removed in May
Export	3,921	7,510	+3,589	Growth of Benicar sales in US
Olmesartan total	8,434	17,578	+9,144	
Loxonin	14,011	14,351	+340	Top anti-inflammatory/analgesic product
Kremezin	7,108	6,660	▲448	Generics go on sale in July 2004
Acecol	5,791	4,867	▲924	ACE inhibitor market is contracting
Banan	4,834	4,577	▲257	Patent expired in September 2005
Zantac	4,458	3,898	▲560	Licensed in from Glaxo SmithKline; generics on sale in July 2001
Carbenin	4,075	3,491	▲584	
Calblock	1,153	3,020	+1,867	Promotion utilizing results of efficacy survey based on 5,300 cases
Fastic	2,741	2,753	+12	Sustained sales through e-promotions; minimal impact of competitors' products going on sale
Alesion	2,725	2,644	▲81	Licensed in from Nippon Boehringer-Ingelheim; canceled joint sales agreement on September 27
Total prescription drugs	164,889	153,119	▲11,770	Decline due to transferring sales of Gran and Espo to Kirin Brewery (9.351 billion yen in 1H FY04)
Lulu Series	4,221	4,790	+569	Sales growth as a result of sales focused on in-store promotions
Regain Series	1,308	1,494	+186	Brisk sales of new products Startup Regain and Black Regain
Shin-Sankyo Ichoyaku Series	1,560	1,624	+64	Revamped packaging in November 2004 to facilitate consumer selection
Lamisil AT	1,096	1,190	+94	Became top brand in athletes' foot treatment market in second year after going on sale
Total OTC drugs	9,927	10,536	+609	Stepping up sales activities to attain sales targets
Sankyo	174,817	163,656	▲11,160	
Benicar	13,623	22,843	+9,220	Took third place in share of new prescriptions in September; introduced revised pricing in July
(mil $)	125	215		
WelChol	6,720	7,405	+685	Licensed in from Genzyme; prescriptions trend flat
(mil $)	61	69		
SPI (US)	21,874	32,067	+10,193	
(mil $)	201	302		
Venofer	9,337	10,344	+1,007	No impact of healthcare system change (insurance reimbursement price cuts) on sales because of volume growth
(mil $)	86	97		
LPI (US)	16,465	17,990	+1,525	
(mil $)	151	169		
Olmetec	2,095	7,252	+5,157	Began selling formulation combined with diuretic in June; share increasing in Germany and Italy
(mil Euro)	15	53		
Pravastatin	6,206	2,450	▲3,756	Accelerating effect of patent expiry in Germany and UK; began bulk supply to Ratiopharm (Germany) in FY04
(mil Euro)	46	17		
Cefpodoxime	1,139	1,802	+663	
(mil Euro)	8	13		
SPG (Europe)	21,026	22,333	+1,307	
(mil Euro)	157	163		
Wakodo	15,080	15,805	+725	
Fuji Flour Milling	6,213	5,864	▲349	
Subsidiaries	136,341	146,656	+10,315	Current rate US$; 108.50 yen (1H FY04) to 106.10 yen (1H FY05); Euro; 133.17yen (1H FY04) to 136.26yen (1H FY05); forex loss 600mil yen
Intra-group transactions	-21,170	-24,105	▲2,936	Intra-group transactions for Olmesartan
Sankyo Group	289,988	286,207	▲3,780	

◆Cost of sales ▲10,542

	1H FY04	1H FY05	Increase/ decline	Remarks
Cost ratio	27.6%	25.3%	▲2.3P	Increased share of own products after transferring sales of Gran and Espo (licensed in from Kirin Brewery)
Sankyo	48,327	41,551	▲6,776	
Cost ratio→	54.8%	50.7%	▲4.1P	Increased share of own products due to removal of Nihon Daiya Valve and Sankyo Foods (both with high cost ratios) from list of consolidated companies and Olmesartan sales growth at SPI and SPG lowered cost ratio; rising raw material prices on the back of higher crude oil prices increased cost ratio in the chemicals business.
Subsidiaries	74,731	74,427	▲304	
Intra-group transactions	-17,745	-21,208	▲3,463	Increase in internal Olmesartan transactions
Cost ratio→	36.3%	33.1%	▲3.2P	Cost ratio improved as a result of rising Olmesartan sales in Japan and overseas
Sankyo Group	105,313	94,770	▲10,542	

	1H FY04	1H FY05	Increase/ decline	Remarks

◆R&D expenses +1,904

	1H FY04	1H FY05	Increase/ decline	Remarks
R&D expense ratio	20.0%	21.8%	+1.8P	
Sankyo	34,988	35,664	+676	Increase in development expenses for CS-747, etc., and decline in outsourced research expenses
R&D expense ratio→	6.3%	6.8%	+0.5P	
Subsidiaries	8,598	9,979	+1,381	Rise in development expenses for extended indication of WelChol, CS-8663, etc.
Intra-group transactions	-2,894	-3,047	▲153	
R&D expense ratio→	14.0%	14.9%	+0.9P	
Sankyo Group	40,692	42,596	+1,904	Rise in development expenses for CS-747, extended indication of WelChol (SPI), and CS-8663（SPI）

◆SG&A expenses +5,916

	1H FY04	1H FY05	Increase/ decline	Remarks
Personnel expenses	18,166	17,891	▲275	
General expenses	18,888	22,494	+3,606	Increase in management integration expenses and management administration fee paid to Daiichi Sankyo
Advertising expenses	6,567	5,762	▲805	Spending on sales promotion materials, etc., increased in 1H FY04, which was the first year that Olmesartan went on sale
Sales promotion expenses	6,860	6,550	▲310	
SG&A expense ratio→	28.9%	32.2%	+3.3P	
Sankyo	50,482	52,699	+2,217	
SG&A expense ratio→	33.1%	33.7%	+0.6P	
Subsidiaries	45,159	49,403	+4,244	SPI：Increased share of profit paid to Forest Laboratories on sales growth of Benicar
Intra-group transactions	-818	-1,363	▲545	
SG&A expense ratio→	32.7%	35.2%	+2.5P	
Sankyo Group	94,823	100,739	+5,916	

◆Non-operating revenue +795

	1H FY04	1H FY05	Increase/ decline	Remarks
Interest and dividends received	3,220	1,363	▲1,857	Reduction in dividends received from subsidiaries, such as science and technology research centers
Investment returns	0.14%	0.12%	▲0.02P	
Other non-operating profit	1,225	1,566	+341	
Sankyo	4,446	2,930	▲1,517	
Subsidiaries	3,089	1,673	▲1,416	SPI: Dividend payment from LPI pushed back to 2H
Intra-group transactions	-4,071	-343	+3,728	Dividends received from subsidiaries reduced and/or pushed back to 2H
Sankyo Group	3,464	4,260	+795	

◆Non-operating expenses ▲88

	1H FY04	1H FY05	Increase/ decline	Remarks
Inventory disposal and valuation loss	949	353	▲596	
Other non-operating loss	978	1,196	+218	
Sankyo	1,927	1,549	▲378	
Subsidiaries	792	994	+202	
Intra-group transactions	-169	-81	+88	
Sankyo Group	2,550	2,462	▲88	

◆Extraordinary profit ▲11,114

	1H FY04	1H FY05	Increase/ decline	Remarks
Profit from sale of fixed assets	11,960	368	▲11,592	Sale of Tanashi factory site in 1H FY04
Sankyo	15,081	543	▲14,538	
Subsidiaries	281	3,625	+3,344	Meguro Kako: Increase from sale of Meguro factory site, etc.
Intra-group transactions	-645	-566	+79	
Sankyo Group	14,717	3,602	▲11,114	

◆Extraordinary loss +4,631

	1H FY04	1H FY05	Increase/ decline	Remarks
Impairment loss	2,820	3,913	+1,093	Impairment loss from suspending operation in part of the Mevalotin culture facility in the Onahama factory
Fixed asset disposal loss	715	1,719	+1,004	Disposal of sales rights, etc.
Transfer to provision for loss contingency	0	2,240	+2,240	Provision equivalent to product inventory disposal cost
Sankyo	3,608	8,002	+4,394	
Subsidiaries	493	215	▲278	
Intra-group transactions	-246	269	+515	
Sankyo Group	3,855	8,486	+4,631	

◆Corporate tax ▲9,934

	1H FY04	1H FY05	Increase/ decline	Remarks
Corporate tax, local government tax, and business tax	18,882	10,974	▲7,908	Tax liability reduced because of sharp profit decline
Adjustments for corporate tax, etc.	1,444	-1,218	▲2,662	Reversal of book loss on shares in Taiwan Sankyo (for which a valuation reserve had been booked) sold in FY05
Sankyo	20,326	9,755	▲10,571	
Subsidiaries	2,394	3,030	+636	
Corporate tax, local government tax, and business tax	20,885	15,321	▲5,564	Sharp decrease at Sankyo; booked federal tax for SPI and LPI in FY05 as they cleared tax losses carried forward.
Adjustments for corporate tax, etc.	1,834	-2,536	▲4,370	SPI and LPI booked new deferred tax assets in FY05
Sankyo Group	22,720	12,785	▲9,934	

Overseas Sales

Million yen	FY2003 Full year	FY2004 First half	change	FY2004 Full year	change	FY2005 First half	change	FY2005 Full year(New Estimate)	change
	29.5%	29.0%	▲1.9P	27.2%	▲2.3P	30.3%	+1.3P	26.3%	▲0.9P
Sankyo	111,169	50,727	▲7,621	93,131	▲18,038	49,669	▲1,058	81,000	▲12,131
SPI	27,386	20,342	+8,403	43,012	+15,626	30,247	+9,905	61,000	+17,988
LPI	33,537	16,460	▲746	33,890	+353	17,985	+1,525	36,000	+2,110
SPG	26,476	19,106	+6,978	39,955	+13,479	20,353	+1,247	41,000	+1,045
Others	15,009	7,295	▲5	15,267	+258	6,972	▲323	14,000	▲1,267
subsidiaries	102,408	63,203	+14,630	132,124	+29,716	75,557	+12,354	155,000	+22,876
Eliminations & corporate	-4,173	-4,755	▲2,634	-9,610	▲5,437	-7,480	▲2,725	-15,000	▲5,390
/Net sales	35.1%	37.7%	+2.3P	36.7%	+1.6P	41.1%	+3.5P	39.1%	+2.4P
Sankyo Group	209,404	109,175	+4,375	215,645	+6,241	117,746	+8,571	221,000	+5,355

Investment on facilities（based on acquisition）

million yen	FY2003 Full year	FY2004 First half	change	FY2004 Full year	change	FY2005 Estimate	FY2005 First half	change	FY2005 Full year(New Estimate)	change
Sankyo	19,194	2,331	▲7,068	16,036	▲3,158	10,800	8,557	+6,226	16,000	▲36
SPI	261	558	+441	950	+689	-	136	▲422	300	▲650
SPG	842	457	▲37	1,078	+236	-	252	▲205	1,000	▲78
LPI	721	136	+107	912	+191	-	83	▲53	400	▲512
Wakodo	120	502	+424	571	+451	-	90	▲412	800	+229
Fuji Flour	277	105	▲13	184	▲93	-	213	+108	300	+116
Others	4,985	3,867	+1,824	8,930	+3,945	-	3,862	▲5	5,200	▲3,730
Subsidiaries	7,206	5,625	+2,746	12,625	+5,419	-	4,636	▲989	8,000	▲4,625
Eliminations & corporate	0	0	+0	0	+0	-	0	+0	0	+0
Sankyo Group	26,400	7,956	▲4,322	28,661	+2,261	19,000	13,193	+5,237	24,000	▲4,661

4 Years Summary

FY2005

(Million, %)

	Concolidated								
				non-consolidated			subsidiary		
	1st half	2nd half (New Estimate)	Full year (New Estimate)	1st half	2nd half	Full year (New Estimate)	1st half	2nd half	Full year (New Estimate)
Net	<-1.3> [1.75]	<-6.4> [1.93]	<-3.9> [1.83]	<-6.4>	<-12.7>	<-9.4>	<6.4>	<1.4>	<3.7>
Sales	100.0 286,207	100.0 278,793	100.0 565,000	100.0 163,656	100.0 144,344	100.0 308,000	100.0 122,551	100.0 134,449	100.0 257,000
Operating	<-2.2> [1.43]	<-44.4> [1.62]	<-19.9> [1.48]	<-17.7>	<-47.7>	<-28.6>	<76.4>	<-38.1>	<7.4>
Income	16.8 48,101	7.1 19,899	12.0 68,000	20.6 33,741	8.5 12,259	14.9 46,000	11.7 14,360	5.7 7,640	8.6 22,000
Ordinary	<-0.3> [1.42]	<-38.0> [1.69]	<-15.2> [1.49]	<-19.3>	<-42.3>	<-26.7>	<126.1>	<-30.6>	<25.1>
Income	17.4 49,899	7.2 20,101	12.4 70,000	21.5 35,122	8.2 11,878	15.3 47,000	12.1 14,777	6.1 8,223	8.9 23,000
Net	<-15.8> [1.78]	<-12.3> [2.21]	<-15.1> [1.86]	<-48.4>	<42.9>	<-41.4>	<328.0>	<-33.5>	<77.0>
Income	11.2 31,953	3.2 9,047	7.3 41,000	10.9 17,907	2.8 4,093	7.1 22,000	11.5 14,046	3.7 4,954	7.4 19,000

FY2004

(Million, %)

	Concolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<-2.2> [1.66]	<-0.7> [1.80]	<-1.4> [1.73]	<-9.4>	<-10.1>	<-9.7>	<11.2>	<14.2>	<12.8>
Sales	100.0 289,988	100.0 297,842	100.0 587,830	100.0 174,817	100.0 165,274	100.0 340,091	100.0 115,171	100.0 132,568	100.0 247,739
Operating	<-3.7> [1.20]	<-19.6> [1.53]	<-11.1> [1.32]	<-19.4>	<-44.2>	<-30.6>	<5,756.1>	<384.1>	<661.8>
Income	17.0 49,159	12.0 35,766	14.4 84,925	23.5 41,019	14.2 23,422	18.9 64,441	7.1 8,140	9.3 12,344	8.3 20,484
Ordinary	<-1.0> [1.15]	<-25.3> [1.58]	<-12.2> [1.29]	<-16.6>	<-50.5>	<-31.7>	<-494.1>	<557.8>	<12,754.5>
Income	17.3 50,073	10.9 32,433	14.0 82,506	24.9 43,538	12.5 20,586	18.9 64,124	5.7 6,535	8.9 11,847	7.4 18,382
Net	<59.3> [1.09]	<-47.3> [3.60]	<11.2> [1.29]	<5.7>	<-87.8>	<-33.2>	<-136.6>	<-293.2>	<-183.7>
Income	13.1 37,965	3.5 10,317	8.2 48,282	19.8 34,683	1.7 2,865	11.0 37,548	2.8 3,282	5.6 7,452	4.3 10,734

FY2003

(Million, %)

	Concolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<2.9> [1.54]	<6.4> [1.63]	<4.6> [1.58]	<-8.3>	<-4.4>	<-6.4>	<33.1>	<29.6>	<31.2>
Sales	100.0 296,471	100.0 299,874	100.0 596,345	100.0 192,881	100.0 183,796	100.0 376,677	100.0 103,590	100.0 116,078	100.0 219,668
Operating	<10.2> [1.00]	<32.7> [1.06]	<19.7> [1.03]	<4.5>	<31.4>	<15.1>	<-105.7>	<59.7>	<-425.5>
Income	17.2 51,048	14.8 44,507	16.0 95,555	26.4 50,909	22.8 41,957	24.7 92,866	0.1 139	2.2 2,550	1.2 2,689
Ordinary	<9.5> [0.97]	<27.4> [1.04]	<17.1> [1.00]	<7.4>	<28.8>	<16.0>	<-32.1>	<1.0>	<-121.7>
Income	17.1 50,561	14.5 43,414	15.8 93,975	27.1 52,219	22.7 41,613	24.9 93,832	-1.6 -1,658	1.6 1,801	0.1 143
Net	<5.3> [0.73]	<74.7> [0.84]	<28.3> [0.77]	<27.7>	<97.0>	<49.6>	<194.1>	<458.3>	<242.9>
Income	8.0 23,828	6.5 19,583	7.3 43,411	17.0 32,799	12.8 23,441	14.9 56,240	-8.7 -8,971	-3.3 -3,858	-5.8 -12,829

FY2002

(Million, %)

	Concolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<7.5> [1.37]	<0.3> [1.47]	<3.8> [1.42]	<2.2>	<-7.3>	<-2.6>	<25.2>	<21.7>	<23.3>
Sales	100.0 288,067	100.0 281,860	100.0 569,927	100.0 210,260	100.0 192,296	100.0 402,556	100.0 77,807	100.0 89,564	100.0 167,371
Operating	<11.4> [0.95]	<-14.2> [1.05]	<-1.0> [0.99]	<9.7>	<-22.5>	<-5.8>	<-15.1>	<-174.8>	<-83.4>
Income	16.1 46,308	11.9 33,530	14.0 79,838	23.2 48,731	16.6 31,933	20.0 80,664	-3.1 -2,423	1.8 1,597	-0.5 -826
Ordinary	<9.6> [0.95]	<-13.0> [1.06]	<-1.3> [0.99]	<7.6>	<-22.0>	<-6.5>	<-20.4>	<-180.1>	<-87.6>
Income	16.0 46,163	12.1 34,084	14.1 80,247	23.1 48,604	16.8 32,301	20.1 80,905	-3.1 -2,441	2.0 1,783	-0.4 -658
Net	<13.1> [0.88]	<-40.3> [0.94]	<-12.8> [0.90]	<5.3>	<-46.6>	<-19.5>	<-30.3>	<-80.3>	<-52.5>
Income	7.9 22,635	4.0 11,210	5.9 33,845	12.2 25,685	6.2 11,901	9.3 37,586	-3.9 -3,050	-0.8 -691	-2.2 -3,741

Main subsidiaries financial statement

＊Sankyo Pharma Inc.（U.S.A）　(Million yen, %)

SPI*	FY2004 Full year		FY2005 Estimate		FY2005 First half result		Change	FY2005 Second half new estimate		change	FY2005 Full year new estimate		Difference from estimate	change
	<49.8>		<29.6>		<46.6>			<38.2>			<42.2>			
Net sales	100.0	46,205	100.0	59,900	100.0	32,067	10,193	100.0	33,633	9,302	100.0	65,700	5,800	19,495
Cost of sales	18.8	8,692	19.2	11,500	18.8	6,035	1,579	20.4	6,865	2,629	19.6	12,900	1,400	4,208
SG&A (except R&D)	77.3	35,736	67.3	40,300	58.9	18,881	3,459	72.0	24,219	3,905	65.6	43,100	2,800	7,364
R&D expenses	10.3	4,764	15.2	9,100	11.1	3,571	1,496	15.0	5,029	2,340	13.1	8,600	-500	3,836
	<-75.0>		<-66.5>		<-4,629.1>			<-7.9>			<-130.1>			
Operating income	-6.5	-2,987	-1.7	-1,000	11.2	3,578	3,657	-8.0	-2,678	230	1.4	900	1,900	3,887
Non-operating income and expenses	4.3	1,970	3.2	1,900	-0.6	-198	-1,933	7.4	2,498	2,263	3.5	2,300	400	330
	<-90.0>		<-188.5>		<104.2>			<-93.3>			<-414.7>			
Ordinary income	-2.2	-1,017	1.5	900	10.5	3,380	1,725	-0.5	-180	2,492	4.9	3,200	2,300	4,217
Extra ordinary income	0.0	0	0.0	0	0.0	0	0	0.0	0	0	0.0	0	0	0
Extra ordinary losses	0.0	0	0.0	0	0.0	0	0	0.0	0	0	0.0	0	0	0
Taxes	-10.6	-4,902	-3.8	-2,300	-7.1	-2,264	153	-9.3	-3,136	-651	-8.2	-5,400	-3,100	-498
	<-126.9>		<-17.6>		<38.6>		0	<-1,680.7>		0	<121.4>			0
Net income	8.4	3,885	5.3	3,200	17.6	5,644	1,572	8.8	2,956	3,143	13.1	8,600	5,400	4,715

Benicar/Benicar HCT	<129.7>	30,350	<44.9>	43,969	<67.7>	22,843	9,220	<48.6>	24,856	8,129	<57.2>	47,700	3,731	17,350
WelChol	<-9.7>	12,662	<-3.7>	12,197	<10.2>	7,405	685	<11.0>	6,595	653	<10.6>	14,000	1,803	1,338

Operating division profit and loss (Reference)

Net sales	<57.5>	43,143	<30.5>	56,300	<49.0>	30,319	9,977	<38.5>	31,580	8,779	<43.5>	61,900	5,600	18,757
Operating income	<-91.4>	-1,782	<-290.8>	3,400	<1,147.8>	5,303	4,878	<-95.3>	-103	2,104	<-391.8>	5,200	1,801	6,982
Operating income before Royalty deduction	<-105.9>	1,155	<566.7>	7,700	<333.4>	7,537	5,798	<-504.6>	2,363	2,947	<757.1>	9,900	2,200	8,745

＊Luitpold Pharmaceuticals, Inc.（U.S.A.）　(Million yen, %)

LPI*	FY2004 Full year		FY2005 Estimate		FY2005 First half result		Change	FY2005 Second half new estimate		change	FY2005 Full year new estimate		Difference from estimate	change
	<1.0>		<-18.3>		<9.3>			<5.0>			<7.1>			
Net sales	100.0	33,900	100.0	27,700	100.0	17,990	1,525	100.0	18,310	875	100.0	36,300	8,600	2,400
Cost of sales	28.4	9,639	33.2	9,200	31.6	5,686	916	35.0	6,414	1,545	33.3	12,100	2,900	2,461
SG&A (except R&D)	19.6	6,634	22.0	6,100	15.7	2,832	-487	15.1	2,768	-547	15.4	5,600	-500	-1,034
R&D expenses	4.7	1,604	10.1	2,800	4.8	866	301	5.6	1,034	-5	5.2	1,900	-900	296
	<8.4>		<-40.1>		<10.2>			<-2.7>			<3.6>			
Operating income	47.3	16,023	34.7	9,600	47.8	8,605	795	43.7	7,995	-218	45.7	16,600	7,000	577
Non-operating income and	1.2	399	2.5	700	2.5	452	318	3.5	648	383	3.0	1,100	400	701
	<9.0>		<-37.3>		<14.0>			<1.9>			<7.8>			
Ordinary income	48.4	16,422	37.2	10,300	50.4	9,058	1,113	47.2	8,642	165	48.8	17,700	7,400	1,278
Extra ordinary income	0.0	2	0.0	0	0.0	0	-2	0.0	0	0	0.0	0	0	-2
Extra ordinary losses	0.0	3	0.0	0	0.0	1	1	0.0	0	-3	0.0	1	1	-2
Taxes	17.4	5,899	13.7	3,800	15.1	2,723	-180	18.1	3,306	310	16.6	6,029	2,229	130
	<19.7>		<-38.2>		<25.6>		0	<-2.6>		0	<10.9>			0
Net income	31.0	10,522	23.5	6,500	35.2	6,333	1,289	29.1	5,337	-141	32.1	11,670	5,170	1,148

Venofer	<13.6>	19,490	<-21.3>	15,346	<10.8>	10,344	1,007	<4.9>	10,655	502	<7.7>	21,000	5,654	1,510

＊Sankyo Pharma GmbH （Europe） (Million yen, %)

SPG*	FY2004 Full year		FY2005 Estimate		FY2005 First half result		Change	FY2005 Second half new estimate		change	FY2005 Full year new estimate		Difference from estimate	change
	<49.1>		<2.3>		<6.2>			<-13.3>			<-4.6>			
Net sales	100.0	47,404	100.0	48,500	100.0	22,333	1,307	100.0	22,867	-3,511	100.0	45,200	-3,300	-2,204
Cost of sales	33.9	16,092	30.1	14,600	29.7	6,631	-1,908	27.4	6,269	-1,284	28.5	12,900	-1,700	-3,192
SG&A (except R&D)	60.6	28,732	64.9	31,500	68.6	15,311	2,245	71.7	16,389	723	70.1	31,700	200	2,968
R&D expenses	8.6	4,067	10.5	5,100	9.6	2,142	-5	11.6	2,658	738	10.6	4,800	-300	733
	<-76.9>		<81.6>		<-35.8>			<-297.7>			<182.4>			
Operating income	-3.1	-1,487	-5.6	-2,700	-7.8	-1,751	975	-10.7	-2,449	-3,688	-9.3	-4,200	-1,500	-2,713
Non-operating income and expenses	1.9	878	0.6	300	1.8	404	163	1.7	396	-241	1.8	800	500	-78
	<-90.4>		<294.1>		<-45.8>			<-209.4>			<458.3>			
Recurring income	-1.3	-609	-4.9	-2,400	-6.0	-1,347	1,138	-9.0	-2,053	-3,929	-7.5	-3,400	-1,000	-2,791
Extra ordinary income	0.1	30	0.0	0	0.0	1	-3	0.0	0	-26	0.0	1	1	-29
Extra ordinary losses	0.1	27	0.0	0	0.1	24	24	0.0	0	-27	0.1	24	24	-3
Taxes	0.3	160	0.4	200	0.2	42	-4	0.2	35	-79	0.2	77	-123	-83
	<-88.3>		<239.4>		<-44.1>		0	<-218.5>		0	<356.9>			0
Net income	-1.6	-766	-5.4	-2,600	-6.3	-1,413	1,114	-9.1	-2,087	-3,848	-7.7	-3,500	-900	-2,734

	FY2004		FY2005 Estimate		First half		Change	Second half		change	Full year		Difference from estimate	change
Olmetec	<136.1>	5,869	<146.7>	14,481	<246.2>	7,252	5,157	<102.6>	7,647	3,873	<153.9>	14,900	419	9,031
Pravastatin	<23.2>	10,490	<-52.8>	4,956	<-60.5>	2,450	-3,756	<-38.1>	2,650	-1,634	<-51.4>	5,100	144	-5,390
Cefpodoxime	<42.0>	2,866	<5.8>	3,033	<58.2>	1,802	663	<-30.7>	1,197	-530	<4.7>	3,000	-33	134
Lopresor,Lomir	<631.9>	4,545	<-20.2>	3,627	<-8.6>	2,026	-191	<-20.8>	1,844	-484	<-14.9>	3,870	243	-675

Operating division profit and loss (Reference)

	FY2004		FY2005 Estimate		First half		Change	Second half		change	Full year		Difference from estimate	change
Net sales	<51.1>	46,667	<1.6>	47,400	<6.8>	22,027	1,404	<-13.3>	22,572	-3,472	<-4.4>	44,600	-2,800	-2,067
Operating income	<-85.3>	-839	<66.9>	-1,400	<-68.1>	-745	1,588	<-143.8>	-655	-2,149	<66.9>	-1,400	0	-561
Operating income before Royalty deduction	<-101.1>	55	<1,354.5>	800	<-112.1>	240	2,219	<-87.2>	260	-1,774	<809.1>	500	-300	445

(Million yen, %)

Wakodo Group	FY2004 Full year		FY2005 Estimate		FY2005 First half result		Change	FY2005 Second half new estimate		change	FY2005 Full year new estimate		Difference from estimate	change
	<3.5>		<1.4>		<4.6>			<3.8>			<4.1>			
Net sales	100.0	32,456	100.0	32,900	100.0	15,952	696	100.0	17,848	648	100.0	33,800	900	1,344
Cost of sales	69.2	22,465	69.3	22,800	71.3	11,367	801	70.8	12,633	734	71.0	24,000	1,200	1,535
SG&A (except R&D)	22.5	7,304	22.6	7,430	23.4	3,733	272	21.5	3,837	-6	22.4	7,570	140	266
R&D expenses	2.2	723	2.3	770	2.2	351	5	2.1	379	2	2.2	730	-40	7
	<7.3>		<-3.2>		<-43.2>			<-7.5>			<-23.5>			
Operating income	6.0	1,962	5.8	1,900	3.1	501	-381	5.6	999	-81	4.4	1,500	-400	-462
Non-operating income and expenses	-0.5	-173	-0.3	-100	-0.5	-72	22	-0.2	-28	51	-0.3	-100	0	73
	<10.0>		<0.6>		<-45.6>			<-3.0>			<-21.7>			
Ordinary income	5.5	1,789	5.5	1,800	2.7	429	-359	5.4	971	-30	4.1	1,400	-400	-389
Extra ordinary income	0.5	152	0.0	0	0.2	35	-115	0.0	5	3	0.1	40	40	-112
Extra ordinary losses	0.8	263	0.5	150	0.1	13	-230	0.9	167	147	0.5	180	30	-83
Taxes	1.6	518	2.1	700	1.1	182	-70	2.1	378	112	1.7	560	-140	42
	<25.5>		<-18.0>		<-39.3>		0	<-39.7>		0	<-39.6>			0
Net income	3.6	1,158	2.9	950	1.7	269	-174	2.4	431	-284	2.1	700	-250	-458

(Million yen, %)

Fuji Flour	FY2004 Full year		FY2005 Estimate		FY2005 First half result		Change	FY2005 Second half new estimate		change	FY2005 Full year new estimate		Difference from estimate	change
	<2.6>		<-1.2>		<-5.6>			<-1.7>			<-3.8>			
Net sales	100.0	11,949	100.0	11,800	100.0	5,864	-349	100.0	5,636	-100	100.0	11,500	-300	-449
Cost of sales	78.2	9,344	76.7	9,050	76.5	4,484	-377	76.6	4,316	-167	76.5	8,800	-250	-544
SG&A (except R&D)	20.1	2,407	19.6	2,310	18.6	1,088	-138	21.0	1,182	1	19.7	2,270	-40	-137
R&D expenses	1.4	168	1.8	210	1.7	97	17	1.8	103	15	1.7	200	-10	32
	<-74.5>		<721.4>		<331.1>		0	<-311.8>		0	<721.4>			
Operating income	0.2	28	1.9	230	3.3	194	149	0.6	36	53	2.0	230	0	202
Non-operating income and expenses	0.0	0	-0.0	-5	0.2	13	14	-0.2	-13	-14	0.0	0	5	0
	<-71.7>		<703.6>		<372.7>		0	<-237.5>		0	<721.4>			0
Recurring income	0.2	28	1.9	225	3.5	208	164	0.4	22	38	2.0	230	5	202
Extra ordinary income	0.4	50	1.9	225	3.9	231	200	-0.0	-1	-20	2.0	230	5	180
Extra ordinary losses	1.0	120	0.8	100	0.9	55	-50	0.3	15	0	0.6	70	-30	-50
Taxes	-0.0	-1	1.3	150	2.6	152	154	0.3	18	17	1.5	170	20	171
	<-75.6>		<-600.0>		<-988.5>		0	<-21.4>		0	<-650.0>			0
Net income	-0.3	-40	1.7	200	3.9	231	257	-0.2	-11	3	1.9	220	20	260

CONSOLIDATED

(Daiichi Pharmaceutical Co.,Ltd.)

The following interim financial information is prepared in accordance with accounting principles and practices for interim settlement generally accepted in Japan.

Operating results

(Millions of yen) Figures of less than 1 million yen are rounded down.

	1st Half ending March, 2006	1st Half ended March, 2005	Change (%)
Net sales	165,667	159,139	4.1
Operating income	31,809	25,019	27.1
Ordinary income	32,818	26,175	25.4
Net income	17,594	10,762	63.5
Net income per share (yen)	¥65.47	¥40.08	63.4

Financial position

	1st Half ending March, 2006	1st Half ended March, 2005
Total assets (millions of yen)	568,987	523,516
Shareholders' equity (millions of yen)	471,362	424,825
Shareholders' equity / assets (%)	82.8%	81.1%
Shareholders' equity per share (yen)	¥1,749.55	¥1,582.68

Cash flows

(Millions of yen)

	1st Half ending March, 2006	1st Half ended March, 2005
Cash flows from operating activities	24,893	17,363
Cash flows from investing activities	▲14,312	▲17,923
Cash flows from financing activities	▲4,784	▲8,294
Cash and cash equivalents at the end of the period	97,443	81,640

Consolidation

Consolidated subsidiaries	26
Equity-method non-consolidated subsidiaries	0
Equity-method affiliated companies	4

Outlook for the year ending March 31, 2006

(Millions of yen)

Net sales	335,000
Ordinary income	60,000
Net income	33,000

FY2004

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half	159,139	▲2.0%	25,019	▲5.4%	26,175	▲1.5%	10,762	▲29.7%
2nd half	169,394	5.6%	31,043	57.8%	31,145	54.5%	26,412	132.7%
Full year	328,534	1.8%	56,063	21.6%	57,320	22.7%	37,175	39.4%

FY2005 (Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half	159,000	▲0.1%	22,000	▲12.1%	22,000	▲16.0%	12,000	11.5%
(revised in July)	(162,000)	(1.8%)	(27,000)	(7.9%)	(27,000)	(3.2%)	(15,000)	(39.4%)
(revised in Sep.)	(164,000)	(3.1%)	(29,000)	(15.9%)	(30,000)	(14.6%)	(17,000)	(58.0%)
2nd half	174,000	2.7%	31,000	▲0.1%	30,000	▲3.7%	6,000	▲77.3%
(revised in July)	(173,000)	(2.1%)	(29,500)	(▲5.0%)	(30,500)	(▲2.1%)	(6,000)	(▲77.3%)
(revised in Sep.)	(171,000)	(0.9%)	(27,500)	(▲11.4%)	(27,500)	(▲11.7%)	(13,000)	(▲50.8%)
Full year	333,000	1.4%	53,000	▲5.5%	52,000	▲9.3%	18,000	▲51.6%
(revised in July)	(335,000)	(2.0%)	(56,500)	(0.8%)	(57,500)	(0.3%)	(21,000)	(▲43.5%)
(revised in Sep.)	(335,000)	(2.0%)	(56,500)	(0.8%)	(57,500)	(0.3%)	(30,000)	(▲19.3%)

FY2005 (New Estimate)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half result	165,667	4.1%	31,809	27.1%	32,818	25.4%	17,594	63.5%
2nd half	169,333	▲0.0%	27,191	▲12.4%	27,182	▲12.7%	15,406	▲41.7%
Full year	335,000	2.0%	59,000	5.2%	60,000	4.7%	33,000	▲11.2%
Difference from estimate	2,000		6,000		8,000		15,000	
(revised in July)	(0)		(2,500)		(2,500)		(12,000)	
(revised in Sep.)	(0)		(2,500)		(2,500)		(3,000)	
Increase/decrease	6,466		2,937		2,680		▲4,175	

FY2005 (New Estimate) non-consolidated

	Net sales		Operating income		Ordinary income		Net income	
	million yen	Change	million yen	Change	million yen	Change	million yen	Change
1st half results	132,313	4.8%	29,582	22.7%	31,356	22.5%	7,462	▲32.7%
2nd half	134,687	0.7%	27,418	▲9.6%	28,644	▲6.7%	14,538	76.9%
Full year	267,000	2.7%	57,000	4.7%	60,000	6.5%	22,000	14.0%
Difference from estimate	5,000		5,000		6,000		▲11,000	
(revised in July)	(3,000)		(2,500)		(3,500)		(▲12,500)	
(revised in Sep.)	(3,000)		(2,500)		(3,500)		(2,000)	
Increase/decrease	7,088		2,560		3,678		2,697	

Ratio of consolidated

	FY2003	FY2004			FY2005	FY2005		
		1st half	2nd half	Full year	Estimate	1st half result	2nd half New Estimate	Full year New Estimate
Net sales	1.27	1.26	1.26	1.25	1.27	1.25	1.26	1.25
Operating income	1.02	1.04	0.99	1.04	1.02	1.08	0.99	1.04
Ordinary income	1.00	1.02	0.95	1.00	0.96	1.05	0.95	1.00
Net income	0.95	0.97	1.06	1.50	0.55	2.36	1.06	1.50

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Pharmaceutical	269,185	259,831	▲9,354	▲3.5%	
Subsidiaries	30,651	40,988	+10,337	+33.7%	
Current assets	299,836	300,819	+983	+0.3%	
Cash and deposits	6,455	4,748	▲1,707	▲26.4%	
Securities	107,514	105,960	▲1,554	▲1.4%	
Mortgage securities	20,000	18,000	▲2,000	▲10.0%	
	6.2monts	5.8months	▲0.3months		
Daiichi Pharmaceutical	133,969	128,708	▲5,261	▲3.9%	
Cash and deposits	9,940	10,821	+881	+8.9%	Transfer of funds to parent company
Securities	0	0	(±)0	-	
Mortgage securities	0	0	(±)0	-	
Subsidiaries	9,940	10,822	+882	+8.9%	
Cash and deposits	16,395	15,569	▲826	▲5.0%	
Securities	107,514	105,960	▲1,554	▲1.4%	
Mortgage securities	20,000	18,000	▲2,000	▲10.0%	
	5.4months	5.1months	▲0.3months		
Cash on hand	143,909	139,530	▲4,379	▲3.0%	
Bills receivable	6,771	6,481	▲290	▲4.3%	Receivables retention period (months)
Accounts receivable	63,046	65,771	+2,725	+4.3%	3.50→3.52 months at end of FY04
Daiichi Pharmaceutical	69,817	72,253	+2,436	+3.5%	
Subsidiaries	18,351	14,902	▲3,449	▲18.8%	
Bills and accounts receivable	88,168	87,155	▲1,013	▲1.1%	
Daiichi Pharmaceutical	-	6,049	+6,049	-	Shift from former Sankyo shares
Subsidiaries	-	0	(±)0	-	
Parent company share	-	6,049	+6,049	-	
Products	19,272	16,032	▲3,240	▲16.8%	
Semi-finished products and work in	6,066	0	▲6,066	▲100.0%	To DPK (production subsidiary)
Raw materials	6,222	1,929	▲4,293	▲69.0%	To DPK
Daiichi Pharmaceutical	31,560	17,962	▲13,598	▲43.1%	
Subsidiaries	8,926	17,385	+8,459	+94.8%	Established DPK
Inventory	40,486	35,347	▲5,139	▲12.7%	
Daiichi Pharmaceutical	10,850	9,932	▲918	▲8.5%	
Subsidiaries	2,976	2,806	▲170	▲5.7%	
Deferred tax assets	13,826	12,738	▲1,088	▲7.9%	
Prepaid expenses	187	2,439	+2,252	+1204.1%	Management administration fee, etc.
Accounts receivable	4,277	11,339	+7,062	+165.1%	Increase in recovered loans
Short-term loans	9,715	3,795	▲5,920	▲60.9%	
Other	8,806	7,352	▲1,454	▲16.5%	
Daiichi Pharmaceutical	22,987	24,925	+1,938	+8.4%	
Subsidiaries	-9,491	-4,884	+4,607	▲48.5%	
Other current assets	13,496	20,041	+6,545	+48.5%	

		End FY04	1H FY05	Increase/ decline	change	Remarks
	Daiichi Pharmaceutical	239,747	276,561	+36,814	+15.4%	
	Subsidiaries	6,971	-8,393	▲15,364	▲220.4%	
Fixed assets		246,718	268,168	+21,450	+8.7%	
	Daiichi Pharmaceutic	58,133	40,539	▲17,594	▲30.3%	Asset split with DPK (▲16,311) , impairment loss ▲842
	Subsidiaries	47,469	63,869	+16,400	+34.5%	Impairment loss▲496 (DRL)
Tangible fixed assets		105,602	104,408	▲1,194	▲1.1%	
	Daiichi Pharmaceutical	7,915	7,684	▲231	▲2.9%	
	Subsidiaries	-1,119	8,613	+9,732	▲869.7%	DSP consolidated adjustment account (+10,268)
Intangible fixed assets		6,796	16,297	+9,501	+139.8%	
	Daiichi Pharmaceutical	104,045	116,611	+12,566	+12.1%	Book profit on investment securities (+14,863)
	Subsidiaries	1,415	1,964	+549	+38.8%	
Investment securities		105,461	118,575	+13,114	+12.4%	
Reference	**Affiliates' shares**	61,433	115,129	+53,695	+87.4%	Asubio becomes wholly owned subsidiary + capital increase; DPK begins operation
	Daiichi Pharmaceutical	5,656	7,042	+1,386	+24.5%	Increase for Asubio
	Subsidiaries	-4,893	-6,036	▲1,143	+23.4%	
Long-term loans		763	1,006	+243	+31.8%	
	Daiichi Pharmaceutical	15,385	14,930	▲455	▲3.0%	
	Subsidiaries	-4,893	98	+4,991	▲102.0%	
Prepaid expenses		15,493	15,028	▲464	▲3.0%	
	Daiichi Pharmaceutical	0	0	(±)0	-	
	Subsidiaries	3,167	3,409	+242	+7.6%	
Deferred tax assets		3,167	3,409	+242	+7.6%	
	Daiichi Pharmaceutical	**508,932**	**536,392**	**+27,460**	**+5.4%**	
	Subsidiaries	37,623	32,595	▲5,028	▲13.4%	
Total assets		**546,555**	**568,987**	**+22,432**	**+4.1%**	

		End FY04	1H FY05	Increase/ decline	change	Remarks
	Daiichi Pharmaceutical	93,912	109,232	+15,320	+16.3%	
	Subsidiaries	2,497	-11,941	▲14,438	▲578.2%	
Liabilities		96,409	97,291	+882	+0.9%	

	Daiichi Pharmaceutical	79,985	91,271	+11,286	+14.1%	
	Subsidiaries	-5,646	-19,735	▲14,089	+249.5%	
Current liabilities		74,339	71,536	▲2,803	▲3.8%	

◇Bills and accounts payable

	Daiichi Pharmaceutical	16,163	20,330	+4,166	+25.8%	vs. DPK +6,237
	Subsidiaries	1,019	-4,892	▲5,911	▲580.1%	
Daiichi Group		17,182	15,438	▲1,745	▲10.2%	

◇Corporate tax payable

	Unpaid corporate taxes	5,396	10,355	+4,959	+91.9%	
	Unpaid business taxes	1,627	300	▲1,327	▲81.6%	
	Daiichi Pharmaceutical	7,023	10,655	+3,632	+51.7%	
	Subsidiaries	1,378	1,505	+127	+9.2%	
Daiichi Group		8,401	12,160	+3,759	+44.7%	

◇Other current liabilities

	Daiichi Pharmaceutical	54,928	58,462	+3,534	+6.4%	Increase in money deposited with cash management system
	Subsidiaries	-8,061	-16,357	▲8,296	+102.9%	
Daiichi Group		46,867	42,105	▲4,762	▲10.2%	

◇Fixed liabilities

	Daiichi Pharmaceutical	13,926	17,960	+4,034	+29.0%	
	Subsidiaries	8,144	7,794	▲350	▲4.3%	
Daiichi Group		22,070	25,754	+3,684	+16.7%	

◇Provision for retirement benefit and directors' retirement allowance

	Provision for retirement benefit	213	216	+3	+1.5%	
	Provision for directors' retirement allowance	1,208	832	▲376	▲31.1%	
	Daiichi Pharmaceutical	1,422	1,048	▲374	▲26.3%	
	Subsidiaries	5,532	5,146	▲386	▲7.0%	
	Provision for retirement benefit	4,754	4,819	+65	+1.4%	
	Provision for directors' retirement allowance	2,200	1,375	▲825	▲37.5%	
Daiichi Group		6,954	6,194	▲760	▲10.9%	

	End FY04	1H FY05	Increase/ decline	change	Remarks

◇Minority interests

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Group	1,582	333	▲1,249		Asubio ▲537, Tokyo Iryo Shiki ▲437, Nishimura Shiki ▲300

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Pharmaceutical	415,020	427,159	+12,139	+2.9%	
Subsidiaries	33,543	44,203	+10,660	+31.8%	
Capital	448,563	471,362	+22,799	+5.1%	

	End FY04	1H FY05	Increase/ decline	change	Remarks
Capital	45,246	45,246	(±)0	±0.0%	
Capital surplus	49,130	48,961	▲169	▲0.3%	

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Pharmaceutical	341,385	305,296	▲36,089		Net profit +7,462 Profit appropriation ▲6,810 Loss on disposition of treasury stock ▲69 Retired treasury stock ▲36,684
Subsidiaries	34,759	44,835	+10,076		
Retained earnings	376,144	350,131	▲26,013		Net profit +17,615 Profit appropriation ▲6,855 Loss on disposition of treasury stock ▲69 Retired treasury stock ▲36,684

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Pharmaceutical	18,115	27,655	+9,539	+52.7%	
Subsidiaries	100	231	+131	+131.0%	
Book profit	18,215	27,886	+9,671	+53.1%	

	End FY04	1H FY05	Increase/ decline	change	Remarks
Exchange adjustment account	▲1,305	▲863	+442		
Treasury stock	▲38,867	−	+38,867		End of FY04 18050212 shares End of FY05 0 shares

	End FY04	1H FY05	Increase/ decline	change	Remarks
Daiichi Pharmaceutical	**508,932**	**536,392**	**+27,460**	**+5.4%**	
Subsidiaries	37,623	32,595	▲5,028	▲13.4%	
Total capital and liabilities	**546,555**	**568,987**	**+22,432**	**+4.1%**	

◆Sales +6,528

	1H FY04	1H FY05	Increase/ decline	Remarks
Japan	665	708	+43	Increase in Levofloxacin licenses and fees
Overseas	8,053	8,595	+542	Growth of Levofloxacin sales led by brisk sales of Levaquin
Total licenses and fees	8,718	9,303	+585	
Cravit	32,331	35,927	+3,596	Japan: 20,565 (+1,681), overseas: 15,362 (+1,916), of which bulk compound 15,097 (+1,7593)
Tarivid	1,760	1,616	▲144	Japan 817 (△139), overseas 799(△5), of which bulk compound 796 (+9)
Subtotal	34,091	37,543	+3,452	CV Japan: Market shrinks on progress with optimal use, but share rises due to dissemination of efficacy and safety information CV overseas: Success of summer reproductive health/urology promotion in US; robust sales in Europe
Mobic	3,407	4,668	+1,261	Sold by Daiichi Pharmaceutical only from July 2004; benefits from COX-2 inhibitor side effect problems
Artist	6,915	8,031	+1,116	Gains top spot in beta blocker market; prescribed for broader range of chronic heart disease and hypertension-related conditions
HANP	2,720	3,435	+715	Top share of acute heart failure treatment market; share increasing in cardiology, cardiac surgery, and anesthesiology markets
Topotecin	1,635	2,191	+556	Established evidence of efficacy in Japan and overseas; prescription growth for cancer treatment of the digestive organs
Sunrythm	5,057	5,386	+329	Top arrhythmia treatment; expanding market share by communicating efficacy information
Vaccines	1,018	1,273	+255	Maintaining share by supplying more hospitals in priority pediatric market
Rejuage Q10	0	155	+155	On sale in April; steady growth on the back of expanding anti-ageing market
Adenoscan	0	103	+103	On sale in June
Karoyan Gush	1,600	412	▲1,188	Sharp growth after going on sale in June 2004, but steep decline in 2005 because of new competition
Panaldine	13,449	12,848	▲601	Slowing decline by ensuring new patient safety measures are sustained
Omnipaque	15,864	15,436	▲428	Contrast medium market share up, but struggles because of competition from generics
FERON	1,939	1,736	▲203	Decline in new hepatitis C patients and competition from new IFN formulation
Veterinary drugs	348	0	▲348	Sold business to Meiji Seika Kaisha in June 2004
Daiichi Pharmaceutical	126,222	132,313	+6,091	Current rate US$ 108.3yen (1H FY04) →108.6yen (1H FY05) Forex impact 230mil yen (of which licenses and fees 180mil yen)
Daiichi Pure Chemicals	10,395	10,854	+459	Contribution of new reagent products; chemical and reagent sales firm
DRL	9,112	8,648	▲464	Decline of internal diagnostic drug market
Daiichi Fine Chemicals	8,105	7,394	▲711	Downturn of mainstay product sales
Saitama Daiichi Pharmaceutical	3,880	3,751	▲129	Sales down on poor performance of Karoyan Gush
Daiichi Asubio Pharma	5,874	7,415	+1,541	Sales up on growth of Hanp, Farom and Sunrhythm
DPH	7,108	10,577	+3,469	Evoxac sales up, Phloxine Otic sales down
DPP/DPB	1,012	1,148	+136	Cravit injection sales growth
Subsidiaries	56,467	78,579	+22,112	
Intra-group transactions	-23,550	-45,225	▲21,675	
Daiichi Group	159,139	165,667	+6,528	

◆Cost of sales ▲2,680

	1H FY04	1H FY05	Increase/ decline	Remarks
Cost ratio→	32.0%	29.2%	▲2.8P	Efficiency improvement on establishment of DPK; Zyrtec cost reduction
Daiichi Pharmaceutical	40,164	38,650	▲1,514	
Cost ratio→	49.7%	56.8%	+7.0P	
Subsidiaries	28,084	44,620	+16,536	
Intra-group transactions	-19,041	-36,743	▲17,702	
Cost ratio→	30.9%	28.1%	▲2.8P	
Daiichi Group	49,207	46,527	▲2,680	

◆R&D expenses +1,695

	1H FY04	1H FY05	Increase/ decline	Remarks
R&D expense ratio→	17.4%	17.2%	▲0.1P	
Daiichi Pharmaceutical	21,905	22,811	+906	Increase in DMR operational costs
R&D expense ratio→	13.8%	18.0%	+4.2P	
Subsidiaries	10,832	14,141	+3,309	DMR+1,944、Asubio +772
Intra-group transactions	-4,401	-6,921	▲2,520	
R&D expense ratio→	17.1%	18.1%	+1.0P	
Daiichi Group	28,336	30,031	+1,695	

◆SG&A expenses +724

	1H FY04	1H FY05	Increase/ decline	Remarks
Personnel expenses	15,894	16,609	+715	Legal dept (RD→general)
Sales expenses	8,001	7,482	▲519	Advertising expense cut (Karoyan Gush)
SG&A expense ratio→	31.7%	31.2%	▲0.5P	
Daiichi Pharmaceutical	40,034	41,270	+1,236	Planning and research expense increase
SG&A expense ratio→	21.7%	22.0%	+0.4P	
Subsidiaries	17,015	17,320	+305	DPP's SG&A expense increase
Intra-group transactions	-474	-1,291	▲817	
SG&A expense ratio→	34.1%	34.6%	+0.4P	
Daiichi Group	56,575	57,299	+724	

	1H FY04	1H FY05	Increase/ decline	Remarks

◆Non-operating income +51

	1H FY04	1H FY05	Increase/ decline	Remarks
Interest and dividends received	1,177	1,359	+182	Rental income (DPK)
Investment returns	0.48%	0.42%	▲0.06P	
Other non-operating income	584	968	+384	Forex
Daiichi Pharmaceutical	1,762	2,327	+565	
Subsidiaries	424	426	+2	
Intra-group transactions	-616	-1,131	▲515	
Daiichi Group	1,570	1,622	+51	

◆Non-operating expenses +198

	1H FY04	1H FY05	Increase/ decline	Remarks
Inventory disposal and book loss	96	6	▲90	
Other non-operating expenses	177	547	+370	DPK rental asset expenses
Daiichi Pharmaceutical	274	553	+280	
Subsidiaries	225	226	+1	
Intra-group transactions	-85	-166	▲81	
Daiichi Group	414	613	+198	

◆Extraordinary profit ▲960

	1H FY04	1H FY05	Increase/ decline	Remarks
Profit from sale of securities	0	683	+683	Sale of some shares in Tokyo Iyaku Shiki and Nishimura Shiki
Reversal of provision for doubtful a	0	0	(±)0	
Other	679	164	▲515	Sale of veterinary drug business in 2004
Daiichi Pharmaceutical	679	847	+168	
Subsidiaries	461	9	▲452	
Intra-group transactions	-16	-693	▲677	
Daiichi Group	1,124	163	▲960	

◆Extraordinary loss ▲5,392

	1H FY04	1H FY05	Increase/ decline	Remarks
Loss on disposal of fixed assets, e	418	61	▲357	
Other	7,200	13,327	+6,127	Transfer to provision for DSP investment loss (11,882), provision for loss on investment and loans to Sanofi-Synthelabo Daiichi Pharmaceutical(602), impairment loss, etc.
Daiichi Pharmaceutical	7,619	13,388	+5,769	
Subsidiaries	786	1,755	+969	Loss associated with business integration (DPH, other)
Intra-group transactions	-263	-12,394	▲12,131	
Daiichi Group	8,142	2,749	▲5,392	

Overseas Sales

	FY2003		FY2004				FY2005			
	Full year		First half		Full year		First half		Full year(New Estimate)	
		change		change		change		change		change
Daiichi	17.4%	▲0.9P	18.3%	▲1.5P	18.3%	+0.9P	18.0%	▲0.3P	17.0%	▲1.3P
Pharmaceuticals	44,180	▲2,482	23,103	▲2,028	47,582	+3,402	22,784	▲319	44,665	▲2,917
D P H	15,866	▲3,069	7,109	▲2,514	16,164	+298	11,704	+4,595	27,384	+11,220
D P P	2,445	+882	1,005	▲293	2,311	▲134	1,385	+380	2,834	+523
D F E	2,490	▲360	1,193	+90	2,203	▲287	1,115	▲78	2,230	+27
T D S	1,295	▲50	750	+122	1,591	+296	713	▲37	1,419	▲172
K D P	1,033	+262	501	▲21	1,084	+51	640	+139	1,329	+245
Daiichi fine chemicals	3,862	▲1,120	1,878	▲238	3,722	▲140	1,926	+48	3,872	+150
Others	6,019	+334	3,005	+117	5,093	▲927	2,245	▲760	4,376	▲717
Subsidiaries	33,010	▲3,121	15,441	▲2,737	32,168	▲842	19,729	+4,288	43,445	+11,277
Eliminations & corporate	-11,028	+1,650	-5,040	+1,004	-11,159	▲131	-9,755	▲4,715	-20,399	▲9,240
/Net sales	20.5%	▲1.3P	21.1%	▲1.9P	20.9%	+0.4P	20.6%	▲0.5P	20.4%	▲0.5P
Daiichi Group	66,163	▲3,952	33,504	▲3,761	68,589	+2,426	32,758	▲746	67,711	▲878

Investment on facilities（based on construction）

	FY2003		FY2004				FY2005			
	Full year		First half		Full year		First half		Full year (New Estimate)	
		change		change		change		change		change
Daiichi Pharmaceuticals	4,882	▲617	2,048	▲707	4,059	▲823	1,420	▲628	2,600	▲1,459
Daiichi Pure Chemicals	629	▲669	384	+75	1,035	+407	1,097	+713	1,750	+715
Daiichi Fine Chemical	439	▲1,100	188	▲67	464	+24	318	+130	661	+197
Saitama Daiichi	334	▲53	66	▲161	243	▲91	586	+520	639	+396
D R L	2,561	+2,129	1,205	+511	2,473	▲89	1,355	+150	1,935	▲538
D S P	868	+681	1,414	+960	2,866	+1,998	295	▲1,119	1,661	▲1,205
D P P	36	▲60	7	▲10	8	▲28	25	+18	50	+42
Others	1,051	▲711	532	+273	1,085	+34	1,960	+1,428	4,446	+3,361
Subsidiaries	5,918	+217	3,795	+1,580	8,174	+2,256	5,636	+1,841	11,142	+2,968
Eliminations & corporate	0	+0	0	+0	0	+0	0	+0	0	+0
Daiichi Group	10,800	▲400	5,842	+872	12,233	+1,433	7,056	+1,214	13,742	+1,509

4 Years Summary

FY2005

(Million, %)

	Consolidated								
				non-consolidated			subsidiary		
	1st half	2nd half (Forecast)	Full year (Forecast)	1st half	2nd half	Full year (New Estimate)	1st half	2nd half	Full year (New Estimate)
Net	<4.1> [1.25]	<-0.0> [1.26]	<2.0> [1.25]	<4.8>	<0.7>	<2.7>	<1.3>	<-3.0>	<-0.9>
Sales	100.0 165,667	100.0 169,333	100.0 335,000	100.0 132,313	100.0 134,687	100.0 267,000	100.0 33,354	100.0 34,646	100.0 68,000
Operating	<27.1> [1.08]	<-12.4> [0.99]	<5.2> [1.04]	<22.7>	<-9.6>	<4.7>	<146.9>	<-131.5>	<23.2>
Income	19.2 31,809	16.1 27,191	17.6 59,000	22.4 29,582	20.4 27,418	21.3 57,000	6.7 2,227	-0.7 -227	2.9 2,000
Ordinary	<25.4> [1.05]	<-12.7> [0.95]	<4.7> [1.00]	<22.5>	<-6.7>	<6.5>	<156.5>	<-441.6>	<-100.0>
income	19.8 32,818	16.1 27,182	17.9 60,000	23.7 31,356	21.3 28,644	22.5 60,000	4.4 1,462	-4.2 -1,462	0.0 0
Net	<63.5> [2.36]	<-41.7> [1.06]	<-11.2> [1.50]	<-32.7>	<76.9>	<14.0>	< - >	<-95.2>	<-38.5>
income	10.6 17,594	9.1 15,406	9.9 33,000	5.6 7,462	10.8 14,538	8.2 22,000	30.4 10,132	2.5 868	16.2 11,000

FY2004

(Million, %)

	Consolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<-2.0> [1.26]	<5.6> [1.27]	<1.8> [1.26]	<-0.7>	<5.8>	<2.5>	<-6.5>	<4.8>	<-1.0>
Sales	100.0 159,139	100.0 169,394	100.0 328,534	100.0 126,222	100.0 133,690	100.0 259,912	100.0 32,917	100.0 35,704	100.0 68,622
Operating	<-5.4> [1.04]	<57.8> [1.02]	<21.6> [1.03]	<-0.7>	<43.9>	<20.0>	< - >	< - >	< - >
Income	15.7 25,019	18.3 31,043	17.1 56,063	19.1 24,117	22.7 30,322	20.9 54,440	2.7 902	2.0 721	2.4 1,623
Ordinary	<-1.5> [1.02]	<54.5> [1.01]	<22.7> [1.02]	<3.1>	<41.6>	<21.1>	< - >	< - >	< - >
income	16.4 26,175	18.4 31,145	17.4 57,320	20.3 25,605	23.0 30,717	21.7 56,322	1.7 570	1.2 428	1.5 998
Net	<-29.7> [0.97]	<132.7> [3.21]	<39.4> [1.93]	<-25.6>	<-37.2>	<-31.1>	< - >	< - >	< - >
income	6.8 10,762	15.6 26,412	11.3 37,175	8.8 11,085	6.1 8,218	7.4 19,303	-1.0 -323	51.0 18,194	26.0 17,872

FY2003

(Million, %)

	Consolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<0.3> [1.28]	<0.2> [1.27]	<0.2> [1.27]	<-2.2>	<1.1>	<-0.6>	<10.3>	<-3.2>	<3.2>
Sales	100.0 162,306	100.0 160,461	100.0 322,767	100.0 127,104	100.0 126,382	100.0 253,486	100.0 35,202	100.0 34,079	100.0 69,281
Operating	<-5.0> [1.09]	<-20.7> [0.93]	<-12.4> [1.02]	<-0.4>	<-13.1>	<-6.7>	<-37.2>	<-344.7>	<-81.0>
Income	16.3 26,441	12.3 19,673	14.3 46,114	19.1 24,277	16.7 21,075	17.9 45,352	6.1 2,164	-4.1 -1,402	1.1 762
Ordinary	<-3.9> [1.07]	<-22.6> [0.93]	<-13.0> [1.00]	<-2.3>	<-15.1>	<-8.7>	<-22.8>	<-416.9>	<-92.5>
income	16.4 26,572	12.6 20,158	14.5 46,730	19.5 24,834	17.2 21,692	18.4 46,526	4.9 1,738	-4.5 -1,534	0.3 204
Net	<13.4> [1.03]	< - > [0.87]	<96.5> [0.95]	<12.2>	<15.3>	<13.6>	<82.9>	<-84.6>	<-87.9>
income	9.4 15,311	7.1 11,350	8.3 26,661	11.7 14,905	10.4 13,090	11.0 27,995	1.2 406	-5.1 -1,740	-1.9 -1,334

FY2002

(Million, %)

	Consolidated								
				non-consolidated			subsidiary		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net	<-1.9> [1.25]	<-4.5> [1.28]	<-3.2> [1.26]	<-5.0>	<-7.7>	<-6.4>	<12.9>	<9.0>	<10.9>
Sales	100.0 161,820	100.0 160,190	100.0 322,011	100.0 129,911	100.0 124,985	100.0 254,897	100.0 31,909	100.0 35,205	100.0 67,114
Operating	<-18.7> [1.14]	<-20.4> [1.02]	<-19.5> [1.08]	<-21.7>	<-15.0>	<-18.5>	<10.9>	<-78.5>	<-30.3>
Income	17.2 27,823	15.5 24,812	16.3 52,636	18.8 24,376	19.4 24,239	19.1 48,615	10.8 3,447	1.6 573	6.0 4,021
Ordinary	<-21.4> [1.09]	<-18.1> [1.02]	<-19.8> [1.05]	<-20.9>	<-13.5>	<-17.4>	<-26.2>	<-78.5>	<-48.4>
income	17.1 27,656	16.3 26,038	16.7 53,694	19.6 25,406	20.5 25,554	20.0 50,960	7.1 2,250	1.4 484	4.1 2,734
Net	<-20.5> [1.02]	<-99.6> [0.01]	<-56.8> [0.55]	<-14.6>	<-19.0>	<-16.7>	<-84.5>	< - >	< - >
income	8.3 13,503	0.0 63	4.2 13,567	10.2 13,281	9.1 11,355	9.7 24,637	0.7 222	-32.1 -11,292	-16.5 -11,070

Main subsidiaries financial statement

(Million yen, %)

Daiichi Pure chemicals	FY2004 Full year		FY2005 Estimate		FY2005 First half		FY2005 Second half (New Estimate)		FY2005 Full year (New Estimate)		Difference from estimate	change
	<7.6>		<0.9>		<4.4>		<3.3>		<3.8>			
Net sales	100.0	22,594	100.0	22,800	100.0	10,855	100.0	12,600	100.0	23,455	655	861
Cost of sales	50.4	11,384	50.4	11,493	47.9	5,198	50.0	6,294	49.0	11,492	-1	107
SG&A (except R&D)	32.6	7,377	33.6	7,658	33.6	3,652	31.7	3,988	32.6	7,640	-18	263
R&D expenses	7.3	1,657	8.1	1,849	7.8	842	7.4	933	7.6	1,775	-74	118
	<97.1>		<-17.3>		<28.3>		<9.1>		<17.1>			
Operating income	9.6	2,176	7.9	1,800	10.7	1,163	11.0	1,384	10.9	2,547	747	371
Non-operating income and expenses	-0.6	-126	-0.4	-90	0.0	5	-0.3	-40	-0.1	-35	55	91
	<76.7>		<-17.9>		<19.8>		<6.6>		<12.2>			
Ordinary income	10.2	2,302	8.3	1,890	10.7	1,158	11.3	1,424	11.0	2,582	692	280
Extra ordinary income	0.6	141	0.0	0	0.1	8	1.2	150	0.7	158	158	17
Extra ordinary losses	0.8	182	0.2	50	0.1	15	0.4	45	0.3	60	10	-122
Taxes	4.4	988	3.2	740	3.6	389	4.6	579	4.1	968	228	-20
	<70.0>		<-13.6>		<73.6>		<13.9>		<34.5>			
Net income	5.6	1,273	4.8	1,100	7.0	762	7.5	950	7.3	1,712	612	439
Diagnosis	<9.8>	9,685	<1.9>	9,870	<11.8>	4,786	<9.0>	5,890	<10.2>	10,676	806	991
Chemical reagent	<9.8>	3,474	<-17.4>	2,870	<-26.7>	1,189	<-16.3>	1,550	<-21.2>	2,739	-131	-735
Chemicals	<4.6>	4,818	<5.9>	5,100	<11.8>	2,350	<1.3>	2,750	<5.9>	5,100	0	282
Pharmacokinetics research	<6.0>	3,032	<5.5>	3,200	<13.1>	1,627	<0.4>	1,600	<6.4>	3,227	27	195

(Million yen, %)

Daiichi Radioisotope Laboratories	FY2004 Full year		FY2005 Estimate		FY2005 First half		FY2005 Second half (New Estimate)		FY2005 Full year (New Estimate)		Difference from estimate	change
	<-2.6>		<-4.3>		<-5.1>		<-4.3>		<-4.7>			
Net sales	100.0	18,197	100.0	17,415	100.0	8,649	100.0	8,696	100.0	17,345	-70	-852
Cost of sales	37.2	6,768	39.7	6,921	36.7	3,177	41.7	3,622	39.2	6,799	-122	31
SG&A (except R&D)	42.7	7,775	44.2	7,694	43.7	3,781	44.3	3,850	44.0	7,631	-63	-144
R&D expenses	8.2	1,495	9.5	1,655	8.8	757	10.1	874	9.4	1,631	-24	136
	<-14.9>		<-47.0>		<-13.7>		<-67.5>		<-40.6>			
Operating income	11.9	2,160	6.6	1,145	10.8	934	4.0	350	7.4	1,284	139	-876
Non-operating income and expenses	-0.1	-12	0.1	14	-0.0	-0	0.1	10	0.1	10	-4	22
	<-16.5>		<-48.0>		<-13.5>		<-68.9>		<-41.4>			
Ordinary income	11.9	2,173	6.5	1,131	10.8	934	3.9	340	7.3	1,274	143	-899
Extra ordinary income	1.0	180	0.0	0	0.0	0	0.0	0	0.0	0	0	-180
Extra ordinary losses	0.8	149	3.2	559	6.1	524	0.3	23	3.2	547	-12	398
Taxes	5.0	908	2.7	467	4.3	372	1.7	147	3.0	519	52	-389
	<-6.8>		<-91.9>		<-93.6>		<-75.9>		<-84.0>			
Net income	7.1	1,297	0.6	105	0.4	38	2.0	170	1.2	208	103	-1,089

(Million yen, %)

Daiichi Fine Chemical non-consolidated	FY2004 Full year		FY2005 Estimate		FY2005 First half		Second half (New Estimate)		Full year (New Estimate)		Difference from estimate	change
	<-1.7>		<-6.6>		<-8.8>		<-9.4>		<-9.1>			
Net sales	100.0	16,619	100.0	15,530	100.0	7,394	100.0	7,717	100.0	15,111	-419	-1,508
Cost of sales	77.0	12,790	78.5	12,197	75.9	5,613	76.2	5,881	76.1	11,493	-704	-1,297
SG&A (except R&D)	13.3	2,206	12.6	1,951	12.5	925	12.5	963	12.5	1,888	-63	-318
R&D expenses	7.1	1,183	6.1	948	6.3	466	6.2	481	6.3	947	-1	-236
	<76.0>		<-1.4>		< - >		<-21.4>		<77.9>			
Operating income	2.6	440	2.8	434	5.3	391	5.1	392	5.2	783	349	343
Non-operating income and expenses	-0.6	-108	0.8	120	-1.0	-75	0.7	54	-0.1	-21	-141	87
	<10.5>		<-42.6>		<5,075.3>		<-37.5>		<46.3>			
Ordinary income	3.3	549	2.0	315	6.3	466	4.4	338	5.3	803	488	254
Extra ordinary income	1.2	207	0.0	0	0.0	1	0.0	0	0.0	1	1	-185
Extra ordinary losses	2.4	393	0.3	40	0.2	16	0.8	60	0.5	76	36	-317
Taxes	0.9	153	0.7	115	2.5	181	1.3	101	1.9	282	167	129
	<16.1>		<-23.9>		< - >		<-29.4>		<113.1>			
Net income	1.3	209	1.0	159	3.6	269	2.3	176	2.9	445	286	236
PANCAL	<-33.1>	867	<-0.6>	862	<5.9>	455	<20.9>	527	<13.3>	983	121	116
PANTHENOL	<14.0>	1,511	<0.2>	1,514	<-28.7>	536	<-20.2>	606	<-24.4>	1,142	-372	-369
PANTOLAC	<-2.7>	72	<-6.9>	67	<31.9>	47	<12.6>	39	<20.7>	87	20	15
Vitamin B6	<1.0>	205	<17.1>	240	<-0.1>	102	<7.6>	111	<3.7>	213	-27	8
Vitamin C	<-15.4>	1,069	<-56.4>	466	<-68.4>	193	<-45.5>	251	<-58.5>	443	-23	-626

*Established in April 2004.

(Million yen, %)

DPH	FY2004 Full year		FY2005 Estimate		FY2005 First half		Second half (New Estimate)		Full year (New Estimate)		Difference from estimate	change
	<7.4>		<73.8>		<48.7>		<36.1>		<41.5>			
Net sales	100.0	150,531	100.0	261,557	100.0	96,470	100.0	116,570	100.0	213,040	-48,517	62,509
Cost of sales	8.6	12,925	4.8	12,675	6.4	6,127	5.3	6,228	5.8	12,355	-320	-570
SG&A (except R&D)	65.1	98,029	40.8	106,714	52.2	50,350	44.1	51,351	47.7	101,701	-5,013	3,672
R&D expenses	30.3	45,627	53.8	140,659	41.4	39,894	49.3	57,425	45.7	97,319	-43,340	51,692
	< - >		< - >		< - >		<572.8>		< - >			
Operating income	-4.0	-6,050	0.6	1,508	0.1	100	1.3	1,566	0.8	1,666	158	7,716
Non-operating income and expenses	-0.2	-241	0.0	2	0.2	157	1.4	1,604	0.8	1,761	1,759	2,002
	< - >		< - >		< - >		< - >		< - >			
Ordinary income	-3.9	-5,809	0.6	1,506	-0.1	-57	-0.0	-38	-0.0	-95	-1,601	5,714
Extra ordinary income	0.1	116	0.0	0	0.0	0	0.0	0	0.0	0	0	-116
Extra ordinary losses	0.0	0	0.3	775	0.0	※ 0	0.0	※ 0	0.0	※ 0	-775	0
Taxes	3.3	4,952	0.2	603	0.0	40	0.0	0	0.0	40	-563	-4,912
	< - >		< - >		< - >		< - >		< - >			
Net income	-7.1	-10,645	0.0	128	-0.1	-97	-0.0	-38	-0.1	-135	-263	10,510
Floxinotic	<-14.0>	70,596	<18.4>	83,565	<55.2>	40,717	<-19.2>	35,819	<8.4>	76,536	-7,029	5,940
Evoxac	<38.2>	21,737	<17.3>	25,490	<25.1>	10,946	<22.8>	15,957	<23.8>	26,903	1,413	5,166
Current rate 1 $ =		107		(105)		110		(105)		(105)		

∗Established in December 2002.

(Million yen, %)

Daiichi Asubio Pharmaceuticals	FY2004 Full year		FY2005 Estimate		FY2005 First half		FY2005 Second half (New Estimate)		FY2005 Full year (New Estimate)		Difference from estimate	change
	<-0.6>		<4.1>		<26.2>		<8.5>		<17.1>			
Net sales	100.0	12,152	100.0	12,646	100.0	7,416	100.0	6,809	100.0	14,225	1,579	2,073
Cost of sales	26.8	3,260	22.4	2,832	25.6	1,901	26.3	1,792	26.0	3,692	860	432
SG&A (except R&D)	7.3	890	7.3	923	7.2	536	7.7	526	7.5	1,062	139	172
R&D expenses	102.3	12,435	109.6	13,855	92.3	6,841	106.4	7,242	99.0	14,083	228	1,648
	<27.4>		<12.0>		<5.4>		<3.2>		<4.1>			
Operating income	-36.5	-4,433	-39.2	-4,963	-25.1	-1,863	-40.4	-2,750	-32.4	-4,613	350	-180
Non-operating income and expenses	0.4	48	0.7	87	1.7	124	0.4	27	1.1	151	64	103
	<28.1>		<12.7>		<11.7>		<2.7>		<6.3>			
Ordinary income	-36.9	-4,482	-39.9	-5,050	-26.8	-1,986	-40.8	-2,777	-33.5	-4,764	286	-282
Extra ordinary income	3.8	464	0.0	0	0.0	0	0.0	0	0.0	0	0	-464
Extra ordinary losses	0.2	28	0.1	17	3.5	258	0.2	11	1.9	268	251	240
Taxes	0.2	29	2.1	261	2.8	207	0.5	35	1.7	242	-19	213
	<-6.7>		<30.8>		<46.3>		<17.6>		<29.4>			
Net income	-33.5	-4,075	-42.1	-5,329	-33.1	-2,451	-41.5	-2,823	-37.1	-5,274	55	-1,199

Daiichi-Sankyo

The forecasts and other figures included in these materials are derived from our assessments and assumptions based on information available and are subject to risks and uncertainties. Actual earnings may differ from these forecast values.