

**Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2009**

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

Listed exchanges: Tokyo, Osaka, and Nagoya

Stock code number: 4568

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

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Scheduled date to file Quarterly Report: August 13, 2008

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

1. Consolidated Financial Results for the First Quarter of Fiscal Year 2008

(from April 1, 2008 to July 31, 2008)

(1) Consolidated Financial Results (cumulative)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of fiscal 2008	203,729	-	40,002	-	40,851	-
First three months of fiscal 2007	235,542	(12.9)	67,831	11.6	71,650	5.6

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of fiscal 2008	25,080	-	34.88	34.88
First three months of fiscal 2007	41,411	(13.7)	56.88	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First three months of fiscal 2008	1,504,233	1,262,135	83.9	1,755.11
Fiscal 2007	1,487,888	1,244,512	83.6	1,730.09

Reference: Equity As of June 30, 2008: 1,261,861 million yen As of March 31, 2008: 1,243,876 million yen

2. Dividends

Record date	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2007	-	35.00	-	35.00	70.00
FY2008	-	-	-	-	-
FY2008 (Forecast)	-	40.00	-	40.00	80.00

Note: Revision of the forecast in the first quarter of FY2008: No

3. Forecasts of Consolidated Results for Fiscal Year 2008 (from April 1, 2008 to March 31, 2009)

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

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	400,000	–	50,000	–	54,000	–	30,000	–	41.73
Full year	840,000	(4.6)	130,000	(17.1)	138,000	(18.4)	80,000	(18.1)	111.27

Note: Revision of the forecasts in the first quarter of FY2008: No

4. Others

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No

(2) Application of simplified accounting methods as well as specific accounting methods for preparing the quarterly consolidated financial statements: Yes

Note: Please see 4. *Other Matters, Qualitative Information / Financial Statements, etc.* on page 4 for further details.

(3) Changes in accounting principles, procedures, or methods of presentation related to the preparation of the quarterly consolidated financial statements

a. Changes due to revisions to accounting standards: Yes

b. Changes due to other reasons: Yes

Note: Please see 4. *Other Matters, Qualitative Information / Financial Statements, etc.* on page 4 for further details.

(4) Number of common shares issued

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

As of June 30, 2008: 735,011,343 shares

As of March 31, 2008: 735,011,343 shares

b. Number of shares in treasury at the end of the period

As of June 30, 2008: 16,048,244 shares

As of March 31, 2008: 16,043,319 shares

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

Three months ended June 30, 2008: 718,966,288 shares

Three months ended June 30, 2007: 727,989,559 shares

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

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

Please see 3. *Qualitative Information about Forecasts of Consolidated Results for FY2008, Qualitative Information / Financial Statements, etc.* on page 4 for assumption that the above forecasts were based on and related matters.

2. Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. The quarterly consolidated financial statements are prepared also in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

Qualitative Information / Financial Statements, etc.

1. Qualitative Information about Consolidated Operating Results

Consolidated net sales for the first three months of fiscal 2008 amounted to ¥203.7 billion (down 13.5% year on year).

Overall, the Company's net sales decreased, since the Japanese yen tended to appreciate compared with the same period last year, the fiscal year-end of European subsidiaries was changed (the results for the three month period from January to March 2007 were added to the first quarter of the previous fiscal year), and non-pharmaceutical businesses were made independent of the Group under the corporate policy of concentrating resources on the pharmaceutical business. Actual comparison excluding these extraordinary factors was a decline of 4.5%.

In terms of profitability, operating income was ¥40.0 billion (down 41.0% year on year), ordinary income was ¥40.8 billion (down 43.0% year on year) and net income was ¥25.0 billion (down 39.4% year on year), as sales decreased and the Company proactively invested in research and development as well as the expansion of sales and marketing bases overseas.

In terms of the impact of changes in fiscal year-end at European subsidiaries, net sales of ¥14.1 billion, operating income of ¥1.8 billion, ordinary income of ¥2.1 billion and net income of ¥2.0 billion were added for the first quarter of fiscal 2007, corresponding to an extra three months.

Information by Geographic Segment

Net sales in Japan amounted to ¥132.6 billion (down 12.6% year on year).

Despite the growth of the antihypertensive *Olmotec*®, net sales in the prescription drug business decreased to ¥103.3 billion (down 8.2% year on year), following the NHI (National Health Insurance) drug price revision, and the decrease in sales of *Mevalotin*®, an antihypercholesterolemic agent.

Royalty income and exports to overseas licensees generated sales of ¥17.6 billion (down 16.4% year on year), due to the effect of Japanese yen appreciation and the decrease in exports of levofloxacin, a synthetic antibacterial agent.

Net sales of healthcare (OTC) products amounted to ¥10.2 billion (up 3.1% year on year) owing to the positive contribution of *Transino*®, a product for the amelioration of skin blemishes (specifically, chloasma), which hit the market in September 2007.

Net sales in North America were ¥50.6 billion (up 12.5% year on year).

Despite the trend of Japanese yen appreciation in foreign exchange, sales of antihypertensive *Benicar*® and *AZOR*®, the antihypercholesterolemic agent *Welchol*™ (which obtained an additional indication for the treatment of type 2 diabetes), and the anemia treatment *Venofer*®, continued to expand.

Net sales in European regions amounted to ¥15.1 billion (down 53.1% year on year) due in part to the effects of the change in the fiscal year-end of subsidiaries.

Net sales in other regions amounted to ¥5.2 billion (down 16.9% year on year).

2. Qualitative Information about Consolidated Financial Position

At the end of the period under review, net assets were ¥1,262.1 billion (up ¥17.6 billion compared with the previous year-end), total assets stood at ¥1,504.2 billion (up ¥16.3 billion compared with the previous year-end), and equity ratio was 83.9% (83.6% for the previous year-end).

The increase in net assets was due to the increase in the amount of valuation and translation adjustments, following the effects of solid stock market and foreign-currency exchange rates, which tended to depreciate Japanese yen for the period. In total assets, besides the increase in net assets, liquidity on hand decreased following the acquisition of U3 Pharma AG stock while goodwill increased due to the acquisition of the said stock.

3. Qualitative Information about Forecasts of Consolidated Results for FY2008

There has been no change from the forecasts of consolidated results for FY2008 publicly announced on May 13, 2008.

4. Other Matters

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation)

There are no relevant matters to report.

- (2) Application of simplified accounting methods as well as specific accounting methods for preparing the quarterly consolidated financial statements

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

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

Note that income taxes-deferred is included in "Total income taxes."

- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

a. Commencing with this first quarter period, the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) are applied. Also, the quarterly consolidated financial statements are prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

b. From this first quarter period, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF Practical Solution No. 18, ASBJ, May 17, 2006) is applied, and necessary amendments for consolidated financial statements are made.

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

c. Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed mutatis mutandis the method for operating lease transactions, but now after the application of the "Accounting Standard for Lease Transactions" (ASBJ Statement

No. 13; Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16; the Japanese Institute of Certified Public Accountants, Accounting Committee, January 18, 1994; revised March 30, 2007) are allowed starting from the quarterly consolidated financial statements related to the fiscal year beginning April 1, 2008 or later, the Company applies these standard and guidance from this first quarter period, and the accounting treatment for such transactions follow the method for ordinary purchase and sales transactions.

Also, the accounting treatment for finance lease transactions not involving the transfer of ownership and whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows mutatis mutandis the method for operating lease transactions.

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

5. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2008	As of March 31, 2008 (Summary)
ASSETS		
Current assets		
Cash and time deposits	66,958	47,335
Trade notes and accounts receivable	180,952	166,980
Marketable securities	454,085	526,805
Merchandise	21,392	19,992
Finished goods	26,730	28,529
Semi-finished goods	22,437	17,425
Raw materials and supplies	17,558	17,550
Work in process	12,323	14,660
Deferred tax assets	58,066	52,677
Other current assets	53,548	34,860
Allowance for doubtful accounts	(297)	(293)
Total current assets	913,756	926,524
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	134,143	136,821
Machinery, equipment and vehicles, net	32,027	33,150
Land	34,003	33,116
Construction in progress	2,481	2,937
Other, net	15,372	15,239
Total property, plant and equipment	218,028	221,266
Intangible assets		
Goodwill	39,612	15,403
Other intangible assets	75,642	75,667
Total intangible assets	115,254	91,070
Investments and other assets		
Investment securities	225,113	216,038
Long-term loans	863	1,304
Prepaid pension costs	7,688	8,023
Deferred tax assets	5,881	5,995
Other assets	18,004	18,018
Allowance for doubtful accounts	(357)	(352)
Total investments and other assets	257,194	249,028
Total non-current assets	590,477	561,364
Total assets	1,504,233	1,487,888

(Millions of yen)

	As of June 30, 2008	As of March 31, 2008 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	41,537	46,405
Short-term bank loans	4	68
Income taxes payable	17,040	18,682
Allowance for sales returns	638	754
Allowance for sales rebates	718	776
Allowance for contingent losses	–	226
Other current liabilities	128,377	127,599
Total current liabilities	188,317	194,514
Non-current liabilities		
Long-term debt	19	18
Deferred tax liabilities	30,917	26,724
Accrued employees' severance and retirement benefits	8,607	6,781
Accrued directors' and corporate auditors' severance and retirement benefits	118	115
Provision for environmental measures	538	1,057
Other non-current liabilities	13,579	14,165
Total non-current liabilities	53,780	48,862
Total liabilities	242,098	243,376
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	179,863	179,863
Retained earnings	1,023,696	1,025,144
Treasury stock at cost	(43,422)	(43,407)
Total shareholders' equity	1,210,137	1,211,600
Valuation and translation adjustments		
Net unrealized gain on investment securities	54,027	48,539
Deferred gains or losses on hedges	1,824	–
Foreign currency translation adjustments	(4,127)	(16,263)
Total valuation and translation adjustments	51,723	32,276
Subscription rights to shares	257	257
Minority interests	15	377
Total net assets	1,262,135	1,244,512
Total liabilities and net assets	1,504,233	1,487,888

(2) Consolidated statement of income

(Millions of yen)

	First three months of FY2008 (From April 1, 2008 to June 30, 2008)
Net sales	203,729
Cost of sales	48,637
Gross profit	155,092
Selling, general and administrative expenses	
Advertising and promotional expenses	24,946
Salaries and bonuses	22,430
Severance and retirement costs	2,004
Research and development expenses	36,914
Other	28,792
Total selling, general and administrative expenses	115,089
Operating income	40,002
Non-operating income	
Interest income	1,667
Dividend income	1,651
Other income	324
Total non-operating income	3,643
Non-operating expenses	
Interest expense	8
Foreign exchange losses	687
Loss on valuation of derivatives	638
Equity in net losses of affiliated companies	71
Other expenses	1,388
Total non-operating expenses	2,794
Ordinary income	40,851
Extraordinary income	
Gain on sales of non-current assets	24
Reversal of allowance for doubtful accounts	6
Gain on sale of investment securities	1
Total extraordinary income	32
Extraordinary losses	
Loss on disposal of non-current assets	118
Loss on impairment of property, plant and equipment	903
Loss on valuation of investment securities	318
Total extraordinary losses	1,339
Income before income taxes and minority interests	39,544
Total income taxes	14,463
Net income	25,080

(3) Consolidated statement of cash flows

(Millions of yen)

	First three months of FY2008 (From April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before income taxes and minority interests	39,544
Depreciation	9,463
Loss on impairment of property, plant and equipment	903
Amortization of goodwill	848
Increase (decrease) in allowance for doubtful accounts	(8)
Increase (decrease) in accrued severance and retirement benefits	87
(Increase) decrease in prepaid pension costs	335
Interest and dividends income	(3,318)
Interest expense	8
(Gain) loss on sales of investment securities	(1)
(Gain) loss on sales of property, plant and equipment	93
Equity in net (income) losses of affiliated companies	71
(Increase) decrease in trade notes and accounts receivable	(12,281)
(Increase) decrease in inventories	(31)
Increase (decrease) in trade notes and accounts payable	(5,667)
Increase (decrease) in accounts payable and accrued expense	(3,199)
Other, net	(2,367)
Subtotal	24,479
Interest and dividends recieved	3,750
Interest paid	(8)
Income taxes paid	(20,347)
Net cash provided by operating activities	7,873

(Millions of yen)

First three months of FY2008
(From April 1, 2008
to June 30, 2008)

Cash flows from investment activities	
Purchases of time deposits	(1,891)
Proceeds from maturities in time deposits	881
Purchases of marketable securities	(48,027)
Proceeds from sales of marketable securities	56,558
Acquisitions of property, plant and equipment	(4,619)
Proceeds from sales of property, plant and equipment	26
Acquisitions of intangible assets	(97)
Acquisitions of investment securities	(26,742)
Proceeds from sales of investment securities	8
Purchases of investments in consolidated subsidiaries resulting in changes in scope of consolidation	(24,261)
Proceeds from collection of loans receivable	36
Other, net	5,966
Net cash used in investment activities	(42,162)
Cash flows from financing activities	
Net increase (decrease) in short-term bank loans	(58)
Purchases of treasury stock	(18)
Proceeds from sale of treasury stock	3
Dividends paid	(25,173)
Net cash used in financing activities	(25,247)
Effect of exchange rate change on cash and cash equivalents	2,800
Net increase (decrease) in cash and cash equivalents	(56,735)
Cash and cash equivalents, beginning of period	444,334
Cash and cash equivalents, end of period	387,598

Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, the quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

(4) Notes on premise of going concern

No items to report

(5) Segment information

[Operating Segment Information]

First three months of FY2008 (from April 1, 2008 to June 30, 2008)

Information by operating segment has been omitted effective from the fiscal year under review as the ratios of pharmaceutical business in total sales and operating income of all business segments exceeded 90%.

[Geographic Segment Information]

First three months of FY2008 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations & corporate	Consolidated
Net sales							
(1) External sales	132,653	50,670	15,162	5,243	203,729	–	203,729
(2) Inter-segment sales and transfers	14,436	12,214	7,185	198	34,034	(34,034)	–
Total	147,090	62,884	22,347	5,441	237,764	(34,034)	203,729
Operating income	18,496	16,880	1,232	732	37,342	2,659	40,002

Notes:

1. Method of classifying geographic segments:

Geographic segments are classified on the basis of geographic proximity.

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

North America: the United States

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

Other: China, Taiwan, Brazil, and others

3. Change in classification method of geographic segments

Before, countries and regions were classified into three segments: Japan, North America and Other. However, as our business scale in Europe, which used to be classified in “Other,” increased in materiality, “Europe” is now separately listed from this first quarter period in order to represent business activities more properly.

As a result of this change, net sales in “Other” decreased by ¥22,333 million (including external sales of ¥15,162 million) and operating income therein decreased by ¥1,239 million as compared to the case where the previous method was adopted.

There are no impacts on “Japan” and “North America.”

[Overseas Net Sales]

First three months of FY2008 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	58,276	22,426	7,968	88,671
II Consolidated net sales				203,729
III Percentage of overseas net sales to consolidated net sales (%)	28.6	11.0	3.9	43.5

Notes:

1. Method of classifying countries and regions:
Countries and regions are classified on the basis of geographic proximity.
2. Countries and regions included in each segment
North America: the United States and Canada
Europe: Germany, the United Kingdom, Spain, Italy, Ireland, France, Switzerland, and others
Other: Asia, the Middle East, Latin America, and others
3. Overseas net sales are sales of the Company and its consolidated subsidiaries which are transacted in countries or regions other than Japan.

(6) Notes on significant changes in the amount of shareholders' equity

No items to report

Reference:**Financial statements for the first quarter of the fiscal year ended March 31, 2007****(1) (Summary) Consolidated statement of income**

(Millions of yen)

	First three months of fiscal 2007 (from April 1, 2007 to June 30, 2007)
I Net sales	235,542
II Cost of sales	57,855
Gross profit	177,687
III Selling, general and administrative expenses	109,856
Operating income	67,831
IV Non-operating income	5,888
V Non-operating expenses	2,068
Ordinary income	71,650
VI Extraordinary gains	3,885
VII Extraordinary losses	4,035
Net income before income taxes	71,501
Income tax expenses	30,119
Minority interests	(29)
Net income	41,411

(2) Segment Information

[Operating Segment Information]

First three months of FY2007 (from April 1, 2007 to June 30, 2007)

Information by operating segment has been omitted effective from the fiscal year under review as the ratios of pharmaceutical business in total sales and operating income of all business segments exceeded 90%.

[Geographic Segment Information]

First three months of FY2007 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	Japan	North America	Other	Total	Eliminations & corporate	Consolidated
Net sales						
(1) External sales	151,859	45,054	38,628	235,542	-	235,542
(2) Inter-segment sales and transfers	18,021	10,270	4,836	33,128	(33,128)	-
Total	169,881	55,324	43,465	268,671	(33,128)	235,542
Operating expenses	122,419	42,077	38,185	202,682	(34,970)	167,711
Operating income	47,461	13,247	5,280	65,989	1,842	67,831

[Overseas Net Sales]

First three months of FY2007 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	56,114	39,080	10,621	105,455
II Consolidated net sales				235,542
III Percentage of overseas net sales to consolidated net sales (%)	23.8	16.6	4.4	44.8

6. Other Information

(Business Combination)

First three months of FY2008 (from April 1, 2008 to June 30, 2008)

Application of the purchase method

(1) Name and business of acquired company, primary reasons for business combination, date of business combination, legal form of business combination and name of company after business combination, and ratio of voting rights acquired

a. Name and business of acquired company

Name of acquired company: U3 Pharma AG

Business: research & development centering on antibodies for the treatment of cancer

b. Primary reasons for business combination

For the continuous creation of novel therapies through the reinforcement of developing new drugs in the oncology and antibody arena

c. Date of business combination

June 19, 2008

d. Legal form of business combination and name of company after business combination

Legal form of business combination: Cash acquisition of U3 Pharma AG's stock

Name of company after business combination: US Pharma AG

e. Ratio of voting rights acquired

100%

(2) Period of the operating results of the acquired company included in the quarterly consolidated statement of income for the quarterly period (cumulative)

The consolidated statement of income for the first quarter under review does not include the operating results of U3 Pharma AG.

(3) Acquisition cost of the acquired company

The acquisition cost of the acquired company was ¥26,776 million. The stock was acquired in cash. Note that this is a provisional amount because certain expenses are not defined yet.

(4) Amount of goodwill, reason for the recognition, and amortization method and useful life

a. Amount of goodwill

¥25,058 million

As mentioned in (3) above, this is a provisional amount.

b. Reason for the recognition

Goodwill was recognized as the acquisition cost surpassed the net amount allocated to assets acquired and liabilities assumed.

c. Amortization method and useful life

Amortization on a straight-line basis over five years