

**Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2010**

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

Listed exchanges: Tokyo, Osaka, and Nagoya

Stock code number: 4568

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

Representative: Mr. Takashi Shoda, President and Representative Director

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

Telephone: +81-3-6225-1126

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

1. Consolidated Financial Results for the First Quarter of Fiscal Year 2009

(from April 1, 2009 to June 30, 2009)

(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 2009	227,123	11.5	26,766	(33.1)	7,168	(82.5)
First three months of fiscal 2008	203,729	–	40,002	–	40,851	–

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of fiscal 2009	(6,439)	–	(9.15)	–
First three months of fiscal 2008	25,080	–	34.88	34.88

(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 2009	1,481,085	854,699	56.5	1,189.81
Fiscal 2008	1,494,599	888,617	57.7	1,226.04

Reference: Equity As of June 30, 2009: 837,549 million yen As of March 31, 2009: 863,050 million yen

2. Dividends

Record date	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	–	40.00	–	40.00	80.00
Fiscal 2009	–	–	–	–	–
Fiscal 2009 (Forecast)	–	30.00	–	30.00	60.00

Note: Revision of the forecast in the first quarter of fiscal 2009: No

3. Forecasts of Consolidated Results for Fiscal Year 2009 (from April 1, 2009 to March 31, 2010)

(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
First half	465,000	14.4	41,000	(33.5)	37,000	(38.0)	11,000	(67.6)	15.63
Full year	960,000	14.0	96,000	8.0	69,000	25.1	40,000	–	56.82

Note: Revision of the forecasts in the first quarter of fiscal 2009: Yes

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: No

b. Changes due to other reasons: No

(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, 2009: 709,011,343 shares

As of March 31, 2009: 709,011,343 shares

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

As of June 30, 2009: 5,078,359 shares

As of March 31, 2009: 5,074,868 shares

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

Three months ended June 30, 2009: 703,935,201 shares

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

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

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

Please see 3. *Qualitative Information about Forecasts of Consolidated Results for Fiscal 2009, Qualitative Information / Financial Statements, etc.* on page 4 for assumption that the above forecasts were based on and related matters.

Qualitative Information / Financial Statements, etc.

1. Qualitative Information about Consolidated Operating Results

Consolidated net sales for the first three months of fiscal 2009 amounted to ¥227.1 billion (up 11.5% year on year).

The Group's revenue increased by a contribution of the sales of Ranbaxy Laboratories Limited ("Ranbaxy") consolidated as a subsidiary during the previous year though the Japanese yen tended to appreciate compared with the same period last year.

The contribution of the net sales of Ranbaxy for the period under review was ¥29.6 billion.

In terms of profitability, operating income was ¥26.7 billion (down 33.1% year on year) as the Company proactively invested in research and development. Ordinary income was ¥7.1 billion (down 82.5% year on year) as a result of the loss on valuation of derivatives and foreign exchange losses at Ranbaxy. Net loss was ¥6.4 billion (net income of ¥25.0 billion for the same period of the previous year) which reflected cases of non-application for R&D tax credit, income tax amendments related to prior years and others.

Information by Geographic Segment

a. Japan

Net sales in Japan amounted to ¥128.4 billion (down 3.1% year on year).

Despite the decrease in sales of *Mevalotin*[®], an antihyperlipidemic agent, sales of the antihypertensive *Olmotec*[®] and the anti-inflammatory analgesic *Loxonin*[®] brand grew, and net sales in the prescription drug business amounted to ¥106.5 billion (up 3.1% year on year).

Royalty income and exports to overseas licensees generated net sales of ¥11.2 billion (down 36.0% year on year), due in part to the effect of Japanese yen appreciation and the decrease in exports of levofloxacin, a synthetic antibacterial agent, among others.

Net sales of healthcare (OTC) products amounted to ¥9.5 billion (down 6.9% year on year) reflecting the decrease in sales of *Transino*[®], a product for the amelioration of skin blemishes (specifically, melasma).

b. North America

Net sales in North America were ¥54.2 billion (up 7.0% year on year).

Although the shift toward a stronger yen affected sales due to translation effects, the sales of Ranbaxy contributed and sales of the antihypertensive agents *Benicar*[®] and *AZOR*[®], the antihyperlipidemic / type 2 diabetes treatment *Welchol*[®] and the anemia treatment *Venofer*[®], continues to expand.

c. Europe

Net sales in European regions amounted to ¥22.4 billion (up 48.1% year on year) due in part to the growth in sales of antihypertensive agent *Olmotec*[®].

d. India and other regions

Net sales in India and other regions amounted to ¥21.9 billion (up 318.7% year on year).

2. Qualitative Information about Consolidated Financial Position

At the end of the period under review, net assets were ¥854.6 billion (down ¥33.9 billion compared with the previous year-end), total assets stood at ¥1,481.0 billion (down ¥13.5 billion compared with the previous year-end), and the equity ratio was 56.5% (57.7% for the previous year-end).

Net assets decreased following the payments of dividends and the posting of net loss, although the amount of valuation and translation adjustments increased, after the global financial crisis winded down and the stock market began to show signs of recovery.

The decrease in total assets is less than that in total net assets due to an increase in other current liabilities.

The Company issued unsecured bonds of ¥100.0 billion for the purpose of procuring long-term stable funds during the period under review and allocated the fund to repayments of short-term loans payable.

3. Qualitative Information about Forecasts of Consolidated Results for Fiscal 2009

The differences from the forecasts of consolidated results for FY2009 announced on May 12, 2009 are shown below.

(First six months of FY2009 basis)

	Net sales	Operating income	Ordinary income	Net income	Basic net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	465,000	41,000	17,000	8,000	11.36
New forecasts (B)	465,000	41,000	37,000	11,000	15.63
Change (B-A)	–	–	20,000	3,000	
Percentage of change (%)	–	–	117.6	37.5	
	406,320	61,611	59,636	33,971	47.66

With regard to the forecasts for the first six months of the fiscal 2009, operating results at the end of the three months ended June 30, 2009 were generally firm and net sales and operating income for the six months are expected to be as previously forecasted.

With respect to non-operating revenues, the disarray on the foreign exchange market is winding down and foreign exchange losses/gains related to Ranbaxy, our consolidated subsidiary, have become more favorable. As a result, ordinary income has been upwardly revised.

Net income, on the other hand, has been upwardly revised by a smaller amount as a result of cases of non-application for R&D tax credit, income tax amendments related to prior periods and others.

Based on the above circumstances, the Company has amended the earnings forecasts of the first six months of the fiscal 2009 announced on May 12, 2009 as follows. With respect to net sales and operating income, no changes have been made. Ordinary income, however, has been upwardly revised to ¥37.0 billion, up ¥20.0 billion, and net income has been upwardly revised to ¥11.0 billion, up ¥3.0 billion.

The earnings forecasts for the full fiscal year remain unchanged from the previously announced forecasts.

4. Other Matters

- (1) Changes in significant 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

(Simplified accounting methods)

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

(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 income taxes.

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

There are no relevant matters to report.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2009	As of March 31, 2009 (Summary)
ASSETS		
Current assets		
Cash and time deposits	72,045	76,551
Trade notes and accounts receivable	204,811	195,512
Marketable securities	241,682	235,475
Merchandise and finished goods	97,785	93,502
Work in process	16,256	14,496
Raw materials and supplies	32,076	31,477
Deferred tax assets	60,891	76,747
Other current assets	54,065	60,761
Allowance for doubtful accounts	(1,081)	(1,018)
Total current assets	778,533	783,506
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	131,317	132,732
Machinery, equipment and vehicles, net	46,272	46,038
Land	42,523	42,358
Construction in progress	14,441	13,315
Other, net	15,320	15,669
Total property, plant and equipment	249,877	250,113
Intangible assets		
Goodwill	75,188	77,380
Other intangible assets	115,027	115,180
Total intangible assets	190,215	192,560
Investments and other assets		
Investment securities	153,603	153,727
Long-term loans	432	614
Prepaid pension costs	6,034	6,920
Deferred tax assets	86,772	91,600
Other assets	15,925	15,864
Allowance for doubtful accounts	(309)	(309)
Total investments and other assets	262,458	268,418
Total non-current assets	702,551	711,093
Total assets	1,481,085	1,494,599

(Millions of yen)

	As of June 30, 2009	As of March 31, 2009 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	59,085	59,419
Short-term bank loans	167,795	264,345
Income taxes payable	9,834	8,243
Allowance for sales returns	648	589
Allowance for sales rebates	2,494	2,666
Other current liabilities	188,496	173,271
Total current liabilities	428,355	508,535
Non-current liabilities		
Bonds payable	100,000	–
Convertible bond-type bonds with subscription rights to shares	50,449	47,082
Long-term debt	15,608	15,852
Deferred tax liabilities	5,551	5,427
Accrued employees' severance and retirement benefits	11,110	10,589
Accrued directors' severance and retirement benefits	185	177
Provision for environmental measures	2	92
Other non-current liabilities	15,122	18,224
Total non-current liabilities	198,031	97,447
Total liabilities	626,386	605,982
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,194	105,194
Retained earnings	719,221	753,820
Treasury stock at cost	(14,560)	(14,555)
Total shareholders' equity	859,856	894,459
Valuation and translation adjustments		
Net unrealized gain on investment securities	27,727	19,882
Deferred gains or losses on hedges	100	76
Foreign currency translation adjustments	(50,134)	(51,367)
Total valuation and translation adjustments	(22,306)	(31,408)
Subscription rights to shares	2,557	2,390
Minority interests	14,592	23,175
Total net assets	854,699	888,617
Total liabilities and net assets	1,481,085	1,494,599

(2) Consolidated Statements of Income

(Millions of yen)

	First three months of fiscal 2008 (From April 1, 2008 to June 30, 2008)	First three months of fiscal 2009 (From April 1, 2009 to June 30, 2009)
Net sales	203,729	227,123
Cost of sales	48,637	62,510
Gross profit	155,092	164,613
Selling, general and administrative expenses		
Advertising and promotional expenses	24,946	25,552
Salaries and bonuses	22,430	27,947
Severance and retirement costs	2,004	2,846
Research and development expenses	36,914	45,113
Other	28,792	36,386
Total selling, general and administrative expenses	115,089	137,846
Operating income	40,002	26,766
Non-operating income		
Interest income	1,667	1,515
Dividend income	1,651	1,293
Other income	324	1,063
Total non-operating income	3,643	3,872
Non-operating expenses		
Interest expense	8	1,556
Loss on valuation of derivatives	638	12,777
Foreign exchange losses	687	7,862
Equity in net losses of affiliated companies	71	108
Other expenses	1,388	1,165
Total non-operating expenses	2,794	23,469
Ordinary income	40,851	7,168
Extraordinary income		
Gain on sales of non-current assets	24	302
Gain on sale of investment securities	1	1,844
Reversal of allowance for doubtful accounts	6	–
Total extraordinary income	32	2,146
Extraordinary losses		
Loss on disposal of non-current assets	118	195
Environmental expenses	–	482
Loss on impairment of long-lived assets	903	–
Loss on valuation of investment securities	318	–
Total extraordinary losses	1,339	677
Income before income taxes and minority interests	39,544	8,638
Income taxes	14,463	23,984
Minority interests in loss	–	(8,906)
Net income (loss)	25,080	(6,439)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First three months of fiscal 2008 (From April 1, 2008 to June 30, 2008)	First three months of fiscal 2009 (From April 1, 2009 to June 30, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	39,544	8,638
Depreciation	9,463	10,550
Loss on impairment of long-lived assets	903	–
Amortization of goodwill	848	2,192
Loss on valuation of derivatives	–	12,777
Increase (decrease) in allowance for doubtful accounts	(8)	44
Increase (decrease) in accrued severance and retirement benefits	87	264
(Increase) decrease in prepaid pension costs	335	885
Interest and dividend income	(3,318)	(2,808)
Interest expense	8	1,556
(Gain) loss on sales of investment securities	(1)	(1,844)
(Gain) loss on sales and disposal of property, plant and equipment	93	(107)
Equity in net (income) losses of affiliated companies	71	108
(Increase) decrease in trade notes and accounts receivable	(12,281)	(8,519)
(Increase) decrease in inventories	(31)	(5,890)
Increase (decrease) in trade notes and accounts payable	(5,667)	(822)
Increase (decrease) in accounts payable and accrued expenses	(3,199)	(1,837)
Other, net	(2,367)	3,746
Subtotal	24,479	18,935
Interest and dividends received	3,750	3,158
Interest paid	(8)	(1,778)
Income taxes paid	(20,347)	(2,636)
Net cash provided by operating activities	7,873	17,679

(Millions of yen)

	First three months of fiscal 2008 (From April 1, 2008 to June 30, 2008)	First three months of fiscal 2009 (From April 1, 2009 to June 30, 2009)
Cash flows from investing activities		
Purchases of time deposits	(1,891)	(7,949)
Proceeds from maturities in time deposits	881	4,204
Purchases of marketable securities	(48,027)	(6,724)
Proceeds from sales of marketable securities	56,558	33,964
Acquisitions of property, plant and equipment	(4,619)	(5,422)
Proceeds from sales of property, plant and equipment	26	453
Acquisitions of intangible assets	(97)	(536)
Acquisitions of investment securities	(26,742)	(1,901)
Proceeds from sales of investment securities	8	5,014
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(24,261)	–
Payments for loans receivable	–	(162)
Proceeds from collection of loans receivable	36	151
Other, net	5,966	(163)
Net cash used provided by (used in) in investing activities	(42,162)	20,929
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(58)	(97,406)
Proceeds from long-term debt	–	318
Repayments of long-term debt	–	(151)
Proceeds from issuance of bonds	–	99,688
Purchases of treasury stock	(18)	(8)
Proceeds from sale of treasury stock	3	2
Dividends paid	(25,173)	(28,168)
Other, net	–	(50)
Net cash used in financing activities	(25,247)	(25,776)
Effect of exchange rate changes on cash and cash equivalents	2,800	173
Net increase (decrease) in cash and cash equivalents	(56,735)	13,006
Cash and cash equivalents, beginning of period	444,334	177,769
Cash and cash equivalents, end of period	387,598	190,776

(4) Note Related to Assumption of Going-Concern

Not applicable.

(5) Segment Information

[Information by Operating Segment]

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

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

First three months of fiscal 2009 (from April 1, 2009 to June 30, 2009)

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

[Information by Geographic Segment]

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

(Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations & corporate	Consolidated
Net sales							
(1) Outside customers	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

First three months of fiscal 2009 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	Japan	North America	Europe	India	Other	Total	Eliminations & corporate	Consolidated
Net sales								
(1) Outside customers	128,491	54,226	22,452	11,479	10,472	227,123	–	227,123
(2) Inter-segment sales and transfers	14,574	9,652	9,159	4,806	248	38,441	(38,441)	–
Total	143,066	63,879	31,611	16,286	10,721	265,565	(38,441)	227,123
Operating income (loss)	15,556	13,943	1,211	(3,185)	898	28,425	(1,658)	26,766

Notes:

1. Method of classifying geographic segments

Geographic segments are classified on the basis of geographic proximity.

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

North America: the United States, Canada

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

India: India

Other: China, Taiwan, Brazil and others

3. Changes in segmentation of countries and regions

Previously, countries and regions were segmented into “Japan,” “North America,” “Europe” and “Other,” forming four segments. However, as our business scale in “India,” which was previously included in “Other,” increased in materiality, “India” has been separately listed from the first quarter period of fiscal 2009 in order to represent operations more properly.

As a result of this change, net sales in the “Other” segment decreased by ¥16,252 million (of which, net sales for outside customers decreased by ¥11,479 million) and operating income therein increased by ¥3,219 million as compared with the previous method.

This change has no effects on the “Japan,” “North America” and “Europe” segments.

[Overseas Sales]

First three months of fiscal 2008 (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

First three months of fiscal 2009 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	58,914	27,208	23,699	109,822
II Consolidated net sales				227,123
III Percentage of overseas net sales to consolidated net sales (%)	26.0	12.0	10.4	48.4

Notes:

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

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

Not applicable.