



July 31, 2012

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2013 <under Japanese GAAP>

Listed company name: Daiichi Sankyo Company, Limited

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

Stock code number: 4568

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Scheduled date of Quarterly Report filing: August 9, 2012

Scheduled date of dividend payments: –

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

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

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

1. Consolidated Financial Results for the First Three Months of Fiscal 2012

(from April 1, 2012 to June 30, 2012)

(1) Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of fiscal 2012	242,618	4.7	32,520	-25.2	40,818	-9.0
First three months of fiscal 2011	231,664	-9.7	43,482	-28.8	44,834	-36.0

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First three months of fiscal 2012	20,406	-19.4	28.99	28.95
First three months of fiscal 2011	25,309	-23.5	35.96	35.92

Note: Comprehensive income: First three months of fiscal 2012: 16,482 million yen [-36.0%]
First three months of fiscal 2011: 25,751 million yen [18.8%]

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2012	1,509,135	828,426	52.6	1,128.34
As of March 31, 2012	1,518,479	832,749	53.0	1,143.52

Reference: Equity: As of June 30, 2012: 794,261 million yen As of March 31, 2012: 804,941 million yen

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	–	30.00	–	30.00	60.00
Fiscal 2012	–				
Fiscal 2012 (Forecast)		30.00	–	30.00	60.00

Note: Revision of the forecasts most recently announced: No

3. Forecasts of Consolidated Financial Results for Fiscal 2012

(from April 1, 2012 to March 31, 2013)

(Percentages indicate changes from 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 six months	480,000	5.3	55,000	-11.6	55,000	-17.1	27,000	-27.1
Full year	980,000	4.4	100,000	1.8	100,000	31.2	50,000	381.6	71.03

Note: Revision of the forecasts most recently announced: No

*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in a change in scope of consolidation): No

Newly included: None Excluded: None

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

Note: For details, please refer to “2. Summary Information (Notes)” on page 4.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

1) Changes in accounting policies due to revisions to accounting standards: No

2) Changes in accounting policies due to other reasons: Yes

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements after error corrections: No

Note: For details, please refer to “2. Summary Information (Notes)” on page 4.

(4) Number of common shares issued

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

As of June 30, 2012	709,011,343 shares
As of March 31, 2012	709,011,343 shares

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

As of June 30, 2012	5,093,979 shares
As of March 31, 2012	5,093,137 shares

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

First three months ended June 30, 2012	703,917,881 shares
First three months ended June 30, 2011	703,913,786 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

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

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

Please see “(3) Qualitative Information about Forecasts of Consolidated Results for Fiscal 2012” of “1. Qualitative Information about Consolidated Results for the First Three Months” on page 3 for assumption that the above forecasts were based on and related matters.

Attached Material

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

(1) Qualitative Information about Consolidated Operating Results

Consolidated Financial Results

(Millions of yen; all amounts have been rounded down to the nearest million yen)

	First three months of fiscal 2011	First three months of fiscal 2012	YoY change (%)
Net sales	231,664	242,618	10,953 (4.7%)
Operating income	43,482	32,520	-10,962 (-25.2%)
Ordinary income	44,834	40,818	-4,015 (-9.0%)
Net income	25,309	20,406	-4,903 (-19.4%)

Exchange rates in the first three months of fiscal 2012: ¥80.21/USD, ¥102.91/EUR, ¥1.59/INR

Exchange rates in the first three months of fiscal 2011: ¥81.75/USD, ¥117.40/EUR, ¥1.83/INR

In the three months from April 1 to June 30, 2012, Daiichi Sankyo and its consolidated subsidiaries (“the Group”) posted net sales of ¥242.6 billion, a year-on-year increase of 4.7%. As a result of contributions mainly from *Memary*[®], the treatment for Alzheimer’s Disease newly launched in Japan in the previous fiscal year and revenue from co-promotion of the antiplatelet agent *Effient*[®]/*Efient*[®], which is sold primarily in Europe and the U.S., as well as a ¥19.4 billion increase in sales of subsidiary Ranbaxy Laboratories Ltd. (“Ranbaxy¹”), net sales defied the effects of NHI price revisions in Japan and the stronger yen to rise by ¥11.0 billion.

In terms of profitability, operating income decreased by ¥11.0 billion or 25.2% year on year to ¥32.5 billion due to such factors as an increase in SG&A expenses mainly linked to the marketing of new products. In addition, despite foreign exchange gains and gain on valuation of derivatives at Ranbaxy, ordinary income decreased by ¥4.0 billion or 9.0% year on year to ¥40.8 billion, while net income declined by ¥4.9 billion or 19.4% year on year to ¥20.4 billion.

In Japan, *RANMARK*[®], a treatment for bone complications stemming from multiple myeloma or bone metastases from solid tumors, was launched on April 17, 2012.

[Reporting Segments]

i. Daiichi Sankyo Group

The Daiichi Sankyo Group posted net sales of ¥183.5 billion, a year-on-year decline of 4.4%.

a. Japan

Net sales in Japan decreased 2.3% year on year to ¥116.4 billion.

Sales of prescription drugs declined 2.7% to ¥100.4 billion due to the impact of NHI price revisions, despite contributions from sales of products including *Memary*[®].

Sales from royalty income and exports to overseas fell 9.4% year on year to ¥5.0 billion, mainly due to the stronger yen.

Net sales of healthcare (OTC) products totaled ¥10.2 billion, gaining 5.0% year on year. This was

¹ Due to the difference in fiscal year-end, Ranbaxy’s results included in the Group’s FY2012 Q1 YTD are those of Jan.–Mar. 2012.

the result of sales growth in products including anti-inflammatory analgesic Loxonin S[®].

b. North America

Net sales in North America declined 6.1% year on year to ¥47.2 billion. The sales decline was mainly the result of milestone income at Plexxikon Inc., which was recorded in the previous fiscal year, falling substantially in the first three months ended June 30, 2012, as well as the impact of the stronger yen. Sales in local currency terms fell 4.3% to approximately US\$588 million.

c. Europe

Net sales in Europe decreased 19.9% year on year to ¥13.0 billion, mainly due to the stronger yen. Sales in local currency terms fell 8.8% to approximately EUR126 million.

d. Other regions

In other regions, net sales rose 10.5% year on year to ¥7.0 billion. This increase was due to net sales increases mainly in Brazil and Venezuela.

ii. Ranbaxy Group

Net sales of the Ranbaxy Group rose 48.7% year on year to ¥59.1 billion, primarily due to the contribution from sales of the generic hypercholesterolemia treatment atorvastatin in the US (in the consolidated financial statements, the sales from January to March 2012 are recorded).

(2) Qualitative Information about Consolidated Financial Position

As of June 30, 2012, net assets were ¥828.4 billion (down ¥4.3 billion from the previous year-end), total assets stood at ¥1,509.1 billion (down ¥9.3 billion from the previous year-end), and the equity ratio was 52.6% (53.0% for the previous year-end).

Net assets decreased as a result of factors including the payment of year-end dividends and a decrease in foreign currency translation adjustments due to the stronger yen, despite the recording of net income.

Total assets decreased from the previous year-end, mainly due to the decline in net assets and decreases in the valuations of assets and liabilities caused by the stronger yen.

(3) Qualitative Information about Forecasts of Consolidated Results for Fiscal 2012

There are no changes from the forecasts of consolidated results for fiscal 2012 announced on May 11, 2012.

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

Not applicable.

(2) Application of 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 three months under review, and next by multiplying the quarterly net income before income taxes and minority interests by such estimated effective tax rate.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections

Changes in Accounting Policies

(Change in depreciation method of property, plant and equipment)

Previously, at the Company and some of its domestic consolidated subsidiaries, the declining balance method was employed for the depreciation of property, plant and equipment. However, this has been changed to the straight-line method, effective April 1, 2012.

The change in method was made following a study into unifying the depreciation method with the method employed at overseas consolidated subsidiaries, which was made in response to the globalization of the Group's businesses and a rise in the ratio of overseas sales to total sales. The study found that manufacturing and research facilities and the like are no longer expected to rapidly deteriorate or become obsolete economically. It also found that, since items of property, plant and equipment used by the Group are generally in operation stably within their useful lives, investment effects are likely to be realized at a constant rate over time. In light of these results, the change was made with the aim of matching costs and revenues more appropriately.

With this change, in comparison with the amounts that would have occurred under the previous method, operating income has increased by ¥749 million, while ordinary income and income before income taxes and minority interests have each increased by ¥719 million.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
ASSETS		
Current assets		
Cash and time deposits	128,926	146,707
Trade notes and accounts receivable	228,505	218,160
Marketable securities	191,336	174,791
Inventories	169,660	173,655
Deferred tax assets	93,999	94,759
Other current assets	51,252	46,296
Allowance for doubtful accounts	(2,152)	(2,354)
Total current assets	861,530	852,016
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	129,330	132,492
Machinery, equipment and vehicles, net	48,051	49,496
Land	35,688	36,189
Construction in progress	33,660	38,606
Other, net	14,512	14,997
Total property, plant and equipment	261,242	271,782
Intangible assets		
Goodwill, net	82,742	78,971
Other intangible assets, net	150,546	146,454
Total intangible assets	233,288	225,426
Investments and other assets		
Investment securities	104,560	102,736
Deferred tax assets	43,186	42,423
Other	14,978	15,040
Allowance for doubtful accounts	(307)	(291)
Total investments and other assets	162,417	159,910
Total non-current assets	656,949	657,118
Total assets	1,518,479	1,509,135

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	61,824	56,386
Short-term bank loans	71,079	71,700
Income taxes payable	5,313	5,021
Allowance for sales returns	578	581
Allowance for sales rebates	2,928	2,416
Provision for loss on disaster	767	462
Provision for settlement expenses	39,138	41,232
Other current liabilities	213,335	210,899
Total current liabilities	394,965	388,699
Long-term liabilities		
Bonds payable	100,000	100,000
Long-term debt	104,000	104,741
Deferred tax liabilities	52,081	52,109
Accrued employees' severance and retirement benefits	10,060	11,284
Accrued directors' severance and retirement benefits	184	179
Provision for environmental measures	1,246	946
Other long-term liabilities	23,191	22,748
Total long-term liabilities	290,764	292,009
Total liabilities	685,729	680,709
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,194	105,194
Retained earnings	742,409	741,698
Treasury stock, at cost	(14,558)	(14,559)
Total shareholders' equity	883,045	882,333
Accumulated other comprehensive income		
Net unrealized gain or loss on investment securities	22,308	21,505
Deferred gains or losses on hedges	198	562
Foreign currency translation adjustments	(100,611)	(110,140)
Total accumulated other comprehensive income	(78,104)	(88,071)
Subscription rights to shares	3,495	3,819
Minority interests	24,312	30,344
Total net assets	832,749	828,426
Total liabilities and net assets	1,518,479	1,509,135

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (cumulative)

(Millions of yen)

	First three months of fiscal 2011 (From April 1, 2011 to June 30, 2011)	First three months of fiscal 2012 (From April 1, 2012 to June 30, 2012)
Net sales	231,664	242,618
Cost of sales	59,912	66,650
Gross profit	171,752	175,967
Selling, general and administrative expenses	128,269	143,447
Operating income	43,482	32,520
Non-operating income		
Interest income	1,108	1,066
Dividend income	1,382	1,203
Foreign exchange gains	688	1,450
Gain on valuation of derivatives	–	5,559
Other income	1,289	1,016
Total non-operating income	4,468	10,295
Non-operating expenses		
Interest expense	1,742	1,211
Equity in net losses of affiliated companies	32	295
Loss on valuation of derivatives	276	–
Other expenses	1,065	489
Total non-operating expenses	3,117	1,996
Ordinary income	44,834	40,818
Extraordinary income		
Gain on sales of non-current assets	1,185	2,017
Other income	57	–
Total extraordinary income	1,243	2,017
Extraordinary losses		
Loss on disposal of non-current assets	607	173
Loss on business restructuring	–	833
Loss on sales of investment securities	–	131
Loss on impairment of long-lived assets	314	130
Loss on valuation of investment securities	20	6
Loss on disaster	1,087	–
Environmental expenses	274	–
Other losses	–	179
Total extraordinary losses	2,304	1,455
Income before income taxes and minority interests	43,773	41,380
Income taxes	16,389	16,793
Income before minority interests	27,383	24,586
Minority interests in net income of consolidated subsidiaries	2,074	4,180
Net income	25,309	20,406

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	First three months of fiscal 2011 (From April 1, 2011 to June 30, 2011)	First three months of fiscal 2012 (From April 1, 2012 to June 30, 2012)
Income before minority interests	27,383	24,586
Other comprehensive income		
Net unrealized gain or loss on investment securities	135	(807)
Deferred gains or losses on hedges	152	571
Foreign currency translation adjustments	(1,943)	(7,940)
Share of other comprehensive income of associates accounted for using equity method	23	72
Total other comprehensive income	(1,632)	(8,103)
Comprehensive income	25,751	16,482
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	22,440	10,434
Comprehensive income attributable to minority interests	3,310	6,048

(3) Notes related to Assumption of Going-Concern

Not applicable.

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

Not applicable.

(5) Segment Information

I. First three months of fiscal 2011 (from April 1, 2011 to June 30, 2011)

1. Information concerning net sales and profit or loss by reporting segment

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total
Net sales			
Outside customers	191,899	39,764	231,664
Inter-segment sales and transfers	50	231	282
Total	191,950	39,995	231,946
Segment profit	40,440	5,744	46,185

2. Differences between the total amount of profit or loss amounts of reporting segments and the amount stated in consolidated statements of income, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Profit	Amount
Reporting segment total	46,185
Amortization of allocated acquired cost	(833)
Amortization of goodwill	(603)
Elimination of inter-segment transactions	(990)
Other consolidated adjustments	15
Income before income taxes and minority interests stated in consolidated statements of income	43,773

II. First three months of fiscal 2012 (from April 1, 2012 to June 30, 2012)

1. Information concerning net sales and profit or loss by reporting segment

(Millions of yen)

	Daiichi Sankyo Group	Ranbaxy Group	Total
Net sales			
Outside customers	183,502	59,115	242,618
Inter-segment sales and transfers	302	688	990
Total	183,805	59,804	243,609
Segment profit	21,764	21,130	42,895

2. Differences between the total amount of profit or loss amounts of reporting segments and the amount stated in consolidated statements of income, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Profit	Amount
Reporting segment total	42,895
Amortization of allocated acquired cost	(724)
Amortization of goodwill	(602)
Elimination of inter-segment transactions	(67)
Other consolidated adjustments	(121)
Income before income taxes and minority interests stated in consolidated statements of income	41,380