



July 31, 2014

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2015 <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
Listed exchange: First Section of the Tokyo Stock Exchange
Stock code number: 4568

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

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Scheduled date of Quarterly Report filing: August 8, 2014

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 2014

(from April 1, 2014 to June 30, 2014)

(1) Consolidated Financial Results

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

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of fiscal 2014	254,449	0.7	29,430	93.9	27,925	59.4	18,546	20.5
First three months of fiscal 2013	252,637	–	15,180	–	17,514	–	15,394	–

	Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
First three months of fiscal 2014	19,986	33.0	15,285	–58.4	28.39	28.34
First three months of fiscal 2013	15,024	–	36,780	–	21.34	21.31

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2014	1,756,777	1,001,572	975,763	55.5	1,386.11
As of March 31, 2014	1,854,037	1,007,527	979,933	52.9	1,392.03

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	–	30.00	–	30.00	60.00
Fiscal 2014	–				
Fiscal 2014 (Forecast)		30.00	–	30.00	60.00

Note: Revision of the forecasts most recently announced: No

3. Forecasts of Consolidated Financial Results for Fiscal 2014

(from April 1, 2014 to March 31, 2015)

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	920,000	–17.7	120,000	7.6	120,000	20.3	78,000	28.0	110.80

Note: Revision of the forecasts most recently announced: No

Note: It is assumed that the operating results of the Ranbaxy Group will be categorized as a discontinued operation upon the closing of the merger of Ranbaxy Laboratories Ltd. with Sun Pharmaceutical Industries Ltd. (referred to hereinafter Sun Pharma) scheduled at the end of December 2014. Accordingly, forecasts for fiscal 2014 are provided for the Daiichi Sankyo Group, which comprises those parts of the Group's operations that will continue after the merger.

***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) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

Note: For details, please refer to “(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections” of “2. Summary Information (Notes)” on page 9.

(3) Number of ordinary shares issued

1) Number of shares issued at the end of the period (including treasury share)

As of June 30, 2014	709,011,343 shares
As of March 31, 2014	709,011,343 shares

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

As of June 30, 2014	5,050,832 shares
As of March 31, 2014	5,051,576 shares

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

First three months ended June 30, 2014	703,959,021 shares
First three months ended June 30, 2013	703,946,478 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 condensed consolidated financial statements are in progress.

*** 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) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements” of “1. Qualitative Information about Consolidated Results for the First Three Months” on page 8 for assumption that the above forecasts were based on and related matters.

Attached Material

Index

1. Qualitative Information about Consolidated Results for the First Three Months.....	2
Daiichi Sankyo and its consolidated subsidiaries (“the Group”) have adopted IFRS starting in the fiscal year ended March 31, 2014.	2
(1) Information about Operating Results.....	2
[Consolidated Financial Results]	2
[Reports by Segment]	4
[R&D Activities].....	7
(2) Information about Financial Position.....	8
(3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements	8
2. Summary Information (Notes).....	9
(1) Changes in Significant Subsidiaries during the Period under Review.....	9
(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections.....	9
3. Condensed Consolidated Financial Statements.....	10
(1) Condensed Consolidated Statement of Financial Position.....	10
(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income.....	12
Condensed Consolidated Statement of Profit or Loss.....	12
Condensed Consolidated Statement of Comprehensive Income.....	13
(3) Condensed Consolidated Statement of Changes in Equity	14
(4) Condensed Consolidated Statement of Cash Flows.....	16
(5) Notes to Consolidated Financial Statements.....	18
(Note Related to Going Concern Assumption)	18
(Segment Information).....	18

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

Daiichi Sankyo and its consolidated subsidiaries (“the Group”) have adopted IFRS starting in the fiscal year ended March 31, 2014.

(1) Information about Operating Results

[Consolidated Financial Results]

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

	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
Revenue	252,637	254,449	1,812 0.7%
Operating profit	15,180	29,430	14,249 93.9%
Profit before tax	17,514	27,925	10,411 59.4%
Profit attributable to owners of the Company	15,024	19,986	4,962 33.0%

<Revenue of global mainstay products>

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

Item name	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
Olmesartan Antihypertensive agent	73,126	75,772	2,645 3.6%
Prasugrel Antiplatelet agent	5,806	5,777	-28 -0.5%

<Research and development expenses>

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

	First three months of fiscal 2013	First three months of fiscal 2014
Research and development expenses	48,112	43,179
Ratio of research and development expenses to revenue	19.0%	17.0%

<Yen exchange rates for major currencies (average rate during the period)>

(Yen)

	First three months of fiscal 2013	First three months of fiscal 2014
Yen/USD	98.76	102.16
Yen/EUR	128.96	140.06
Yen/INR	1.71	1.72

i. Revenue

Group revenue in the first three months of fiscal 2014 increased by ¥1.8 billion, or 0.7% year on year, to ¥254.4 billion.

In Japan, despite growth in mainstay products, there was a slight decline in revenue due to factors including the NHI price revisions and the consumption tax revision. However, revenue at the Group as a whole increased owing to sales growth and beneficial exchange rates in Europe and other regions.

ii. Operating Profit

Operating profit increased by ¥14.2 billion, or 93.9% year on year, to ¥29.4 billion.

This substantial operating profit increase reflected not only an increase in gross profit but also decreases in selling, general and administrative expenses and research and development expenses. In the first three months of the previous fiscal year, loss on business restructuring at Daiichi Sankyo Europe GmbH was recorded under selling, general and administrative expenses.

iii. Profit before Tax

Profit before tax increased by ¥10.4 billion, or 59.4% year on year, to ¥27.9 billion.

This increase was not as substantial as the operating profit increase owing to a decrease in financial income and an increase in financial expenses.

iv. Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by ¥5.0 billion, or 33.0% year on year, to ¥20.0 billion.

This increase was not as substantial as profit before tax increase due to an increase in the amount of income taxes.

[Reports by Segment]

i. Daiichi Sankyo Group

The Daiichi Sankyo Group reported revenue of ¥213.4 billion, a year-on-year increase of ¥3.3 billion or 1.6%.

Operating profit increased by ¥17.5 billion, or 120.2% year on year, to ¥32.1 billion (prior to consolidated adjustments).

a. Japan

Revenue in Japan decreased 1.6% year on year to ¥122.6 billion.

Revenue in Japan from prescription drugs decreased 1.6% year on year to ¥107.2 billion. This reflected the negative impact of NHI price revisions and the consumption tax revision, despite growth from *Olmotec*[®], *NEXIUM*[®], and *Memary*[®].

Revenue from royalty and exports increased 3.7% year on year to ¥5.3 billion.

Revenue from healthcare (OTC) products decreased 4.6% year on year to ¥9.4 billion. Group subsidiary Daiichi Sankyo Healthcare Co., Ltd. manages this business.

<Revenue composition in Japan>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
Prescription drugs	108.9	107.2	-1.7 -1.6%
Royalty and exports	5.1	5.3	0.2 3.7%
Healthcare (OTC) products	9.8	9.4	-0.4 -4.6%

<Revenue of Japan company mainstay pharmaceuticals>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

Product name	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
<i>Olmetec</i> [®] Antihypertensive agent	16.6	18.7	2.1 12.7%
<i>NEXIUM</i> [®] Ulcer treatment	10.9	15.3	4.3 39.4%
<i>Loxonin</i> [®] Anti-inflammatory analgesic (of which <i>Loxonin</i> [®] Tape)	14.9 (9.0)	12.2 (7.5)	-2.7 -18.0%
<i>Memory</i> [®] Alzheimer's disease treatment	6.6	7.9	1.3 19.0%
<i>Cravii</i> [®] Synthetic antibacterial agent	7.6	6.9	-0.8 -9.9%
<i>Rezaltas</i> [®] Antihypertensive agent	4.3	4.5	0.2 4.2%
<i>Artist</i> [®] Treatment for hypertension, angina pectoris and chronic heart failure	5.4	4.8	-0.6 -11.7%
<i>Mevalotin</i> [®] Antihyperlipidemic agent	5.2	4.2	-1.0 -19.9%
<i>Omnipaque</i> [®] Contrast medium	4.7	4.2	-0.5 -10.5%
<i>PRALIA</i> [®] Treatment for osteoporosis	0.4	1.3	0.9 250.9%
<i>RANMARK</i> [®] Treatment for bone complications	1.6	2.1	0.5 34.0%

b. North America

Revenue in North America decreased 1.6% year on year to ¥53.9 billion. Revenue in local currency terms fell 4.9% to approximately US\$527 million. The slight decrease in overall business revenue in North America reflected decreased revenue from products such as *Benicar*[®]/*Benicar HCT*[®], *AZOR*[®], and *Welchol*[®] due to increased competition, despite positive contributions from Luitpold Pharmaceuticals' *Venofor*[®] and a new product *Injectafer*[®].

<Revenue of Daiichi Sankyo, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded off to the nearest million US\$.)

Product name	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
<i>Benicar</i> [®] / <i>Benicar HCT</i> [®] Antihypertensive agent	241	185	-56 -23.3%
<i>AZOR</i> [®] Antihypertensive agent	47	40	-6 -13.6%
<i>TRIBENZOR</i> [®] Antihypertensive agent	23	26	3 11.7%
<i>Welchol</i> [®] Hypercholesterolemia treatment/ type 2 diabetes mellitus inhibitor	115	111	-5 -4.0%
<i>Effient</i> [®] Antiplatelet agent (co-promotion revenue)	41	42	1 2.5%

<Revenue of Luitpold Pharmaceuticals, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded off to the nearest million US\$.)

Product name	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
<i>Venofer</i> [®] Anemia treatment	50	70	20 40.8%
<i>Injectafer</i> [®] Anemia treatment	–	14	14 –

c. Europe

Revenue in Europe increased 19.2% year on year to ¥23.3 billion. Revenue in local currency terms increased 9.8% to approximately EUR166 million. *Olmotec*[®] / *Olmotec Plus*[®], *Sevikar*[®] and *Sevikar HCT*[®] contributed to the revenue growth.

<Revenue of Daiichi Sankyo Europe GmbH mainstay products>

(Millions of euro; all amounts have been rounded off to the nearest million euro.)

Product name	First three months of fiscal 2013	First three months of fiscal 2014	YoY change
<i>Olmotec</i> [®] / <i>Olmotec Plus</i> [®] Antihypertensive agent	76	79	3 4.2%
<i>Sevikar</i> [®] Antihypertensive agent	23	38	15 63.7%
<i>Sevikar HCT</i> [®] Antihypertensive agent	12	24	12 94.3%

d. Other regions

In other regions, revenue rose 21.6% year on year to ¥13.6 billion.

Sales of Olmesartan and other mainstay products showed growth in China, South Korea, Brazil and other countries.

ii. Ranbaxy Group Segment

The Ranbaxy Group posted revenue of ¥41.1 billion, a year-on-year decrease of ¥1.5 billion or 3.6%.

Operating loss was ¥1.9 billion, a decrease of ¥3.1 billion, or 263.2%, compared with the same period of the previous fiscal year (prior to consolidated adjustments).

Please note that agreements for a merger of Ranbaxy with Sun Pharma via a share swap in which Daiichi Sankyo retains an equity stake in the expanded Sun Pharma were concluded between the three companies on April 6, 2014. The merger is scheduled for completion by the end of December 2014, subject to the approval of Ranbaxy and Sun Pharma shareholders and of the regulatory authorities, as well as the completion of other requisite procedures. Daiichi Sankyo assumes that it will categorize the operating results of the Ranbaxy Group as discontinued operations upon the closing of the merger.

[R&D Activities]

Daiichi Sankyo's R&D program aims to develop a competitive drug pipeline through accelerated and sustained generation of innovative medicines. The Group has designated the fields of cardiovascular-metabolic, oncology and frontier medicine as priority areas for drug development. Efforts continue to develop the R&D pipeline in these areas by creating drugs with the potential to become best-in-class or first-in-class therapies.

As part of ongoing efforts to cultivate an entrepreneurial biotech culture within the Group, Daiichi Sankyo is further utilizing the Group subsidiaries Asubio Pharma Co., Ltd., U3 Pharma GmbH, and Plexxikon Inc. Daiichi Sankyo also established Venture Science Laboratories (VSL) in April 2013 and is working to accelerate the efforts.

In addition, Daiichi Sankyo is continuing to develop R&D alliances with other companies and pursue an open innovation approach, while reinforcing R&D activities in preparation for full-scale entry into the biopharmaceutical sector.

i. Prasugrel

In May 2014, Daiichi Sankyo launched prasugrel (product name: *Efiect*®) in Japan for the indication of ischemic heart disease in patients undergoing percutaneous coronary intervention (PCI). A Phase III clinical trial has been proceeding in Japan to evaluate the efficacy of prasugrel in patients with ischemic stroke.

ii. Edoxaban

The Group filed applications for approval for indications in Japan in December 2013 and in the United States and Europe in January 2014, for the treatment and inhibition of recurrence of venous thromboembolism (VTE) in patients who have had deep vein thrombosis (DVT) or pulmonary embolism (PE), and for the prevention of stroke and systemic embolism in non-valvular atrial fibrillation (AF).

As a result of deliberations over the sales and marketing strategy for edoxaban, the product will be sold through the Company's own distribution channel in the United States, Japan and Europe. Outside those territories, the Company will select optimal partners for each country or region in light of considerations such as market conditions and the Company's business capabilities in the relevant countries and regions.

iii. Denosumab

Denosumab is an antibody drug related to bone metabolism. The Company has obtained the rights to develop and market this product in Japan from Amgen Inc. of the US. In April 2012, the drug was launched under the brand name *RANMARK*® indicated for skeletal-related events in patients with multiple myeloma or bone metastases from solid tumors. In June 2013, it was also launched under the brand name *PRALIA*® as an agent for treatment for osteoporosis.

In May 2014, approval was obtained for revised application for approval for giant cell tumor of bone.

Denosumab is also currently undergoing global phase III clinical studies for postoperative adjuvant breast cancer therapy and phase III clinical studies in Japan for treatment of rheumatoid arthritis.

(2) Information about Financial Position

Total equity as of June 30, 2014 equaled ¥1,001.6 billion (a decrease of ¥6.0 billion compared with the previous fiscal year-end), and total assets amounted to ¥1,756.8 billion (a decrease of ¥97.3 billion compared with the previous fiscal year-end). Ratio of equity attributable to owners of the Company to total assets was 55.5% at this date (compared with 52.9% at the previous fiscal year-end).

Total equity decreased due to a fall in exchange differences on translation of foreign operations despite the recording of profit for the period.

The decrease in total assets was larger than that for total equity, reflecting a decrease in bonds and borrowings.

(3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

There are no changes from the forecasts of consolidated financial results for fiscal 2014 publicly announced on May 15, 2014.

It is assumed that the operating results of the Ranbaxy Group will be categorized as a discontinued operation upon the closing of the merger of Ranbaxy Laboratories Ltd. with Sun Pharmaceutical Industries Ltd. scheduled at the end of December 2014. Accordingly, forecasts for fiscal 2014 are provided for the Daiichi Sankyo Group, which comprises those parts of the Group's operations that will continue after closing of the merger.

2. Summary Information (Notes)

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

Not applicable.

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

(Changes in accounting policies required by IFRS)

Significant accounting policies for the condensed consolidated financial statements of the Group are the same as the accounting policies for its consolidated financial statements for the previous fiscal year except for the following.

The Group has adopted the following standards and interpretations starting in the fiscal year ending March 31, 2015 in accordance with the respective transitional measures. Adoption of these standards, etc. does not materially impact the condensed consolidated financial statements.

Standards and interpretations		Description of new standards/amendments
IAS 32	Financial Instruments: Presentation	Clarification of conditions for presentation of offsetting and addition of guidance
IFRS 10	Consolidated Financial Statements	Public announcement of definitions relating to investors, and establishment of accounting treatment for investments held by investors
IFRS 12	Disclosure of Interests in Other Entities	
IAS 27	Separate Financial Statements	
IFRIC 21	Levies	Clarification of accounting treatment for levies
IAS 36	Impairment of Assets	Revision of provisions for disclosure of recoverable amounts of non-financial assets
IAS 39	Financial Instruments: Recognition and Measurement	Establishment of exceptions for provisions of the discontinuance of hedge accounting

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	Fiscal 2013 (as of March 31, 2014)	Fiscal 2014 (as of June 30, 2014)
ASSETS		
Current assets		
Cash and cash equivalents	183,070	165,683
Trade and other receivables	269,194	254,732
Other financial assets	324,160	256,039
Inventories	189,408	194,412
Other current assets	24,769	23,988
Total current assets	990,603	894,856
Non-current assets		
Property, plant and equipment	316,304	312,318
Goodwill	85,518	84,980
Intangible assets	171,417	166,002
Investments accounted for using the equity method	2,624	2,768
Other financial assets	141,553	145,566
Deferred tax assets	122,550	125,510
Other non-current assets	23,464	24,774
Total non-current assets	863,433	861,920
Total assets	1,854,037	1,756,777

(Millions of yen)

	Fiscal 2013 (as of March 31, 2014)	Fiscal 2014 (as of June 30, 2014)
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	245,422	214,530
Bonds and borrowings	160,326	97,003
Other financial liabilities	15,115	13,823
Income taxes payable	5,636	8,401
Provisions	22,702	22,129
Other current liabilities	11,985	12,955
Total current liabilities	461,188	368,845
Non-current liabilities		
Bonds and borrowings	263,289	261,712
Other financial liabilities	14,177	12,591
Post-employment benefit liabilities	8,947	8,808
Provisions	3,747	4,401
Deferred tax liabilities	39,838	42,695
Other non-current liabilities	55,320	56,148
Total non-current liabilities	385,321	386,359
Total liabilities	846,509	755,204
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	105,267	105,267
Treasury shares	(14,408)	(14,403)
Other components of equity	121,753	118,802
Retained earnings	717,320	716,096
Total equity attributable to owners of the Company	979,933	975,763
Non-controlling interests		
Non-controlling interests	27,594	25,808
Total equity	1,007,527	1,001,572
Total liabilities and equity	1,854,037	1,756,777

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	First three months of fiscal 2013 (From April 1, 2013 to June 30, 2013)	First three months of fiscal 2014 (From April 1, 2014 to June 30, 2014)
Revenue	252,637	254,449
Cost of sales	87,601	85,881
Gross profit	165,035	168,568
Selling, general and administrative expenses	101,743	95,958
Research and development expenses	48,112	43,179
Operating profit	15,180	29,430
Financial income	6,983	5,389
Financial expenses	4,520	6,484
Share of loss of investments accounted for using the equity method	128	409
Profit before tax	17,514	27,925
Income taxes	2,120	9,379
Profit for the period	15,394	18,546
Profit attributable to:		
Owners of the Company	15,024	19,986
Non-controlling interests	369	(1,440)
Profit for the period	15,394	18,546
Earnings per share		
Basic earnings per share (Yen)	21.34	28.39
Diluted earnings per share (Yen)	21.31	28.34

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	First three months of fiscal 2013 (From April 1, 2013 to June 30, 2013)	First three months of fiscal 2014 (From April 1, 2014 to June 30, 2014)
Profit for the period	15,394	18,546
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,544	3,281
Remeasurements of defined benefit plans	(7)	(8)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	19,712	(6,522)
Cash flow hedges	34	-
Share of other comprehensive income of investments accounted for using the equity method	101	(11)
Other comprehensive income (loss), net of taxes	21,385	(3,261)
Total comprehensive income	36,780	15,285
Total comprehensive income attributable to:		
Owners of the Company	34,636	16,952
Non-controlling interests	2,143	(1,667)
Total comprehensive income	36,780	15,285

(3) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the Company			Other components of equity			
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2013	50,000	105,194	(14,460)	1,504	40,545	959	42,057
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	18,050	22	1,546
Total comprehensive income	-	-	-	-	18,050	22	1,546
Acquisition of treasury shares	-	-	(5)	-	-	-	-
Disposal of treasury shares	-	-	0	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(50)
Other	-	-	-	-	0	(0)	(0)
Total transactions with the owners	-	-	(5)	-	0	(0)	(50)
Balance as of June 30, 2013	50,000	105,194	(14,466)	1,504	58,596	981	43,553
Balance as of April 1, 2014	50,000	105,267	(14,408)	1,680	80,252	-	39,821
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(6,305)	-	3,280
Total comprehensive income	-	-	-	-	(6,305)	-	3,280
Acquisition of treasury shares	-	-	(4)	-	-	-	-
Disposal of treasury shares	-	-	9	(4)	-	-	-
Share-based payments	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	78
Other	-	-	-	-	(0)	-	(0)
Total transactions with the owners	-	-	4	(4)	(0)	-	78
Balance as of June 30, 2014	50,000	105,267	(14,403)	1,676	73,946	-	43,179

	Equity attributable to owners of the Company					
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity				
Balance as of April 1, 2013	-	85,067	680,844	906,645	31,835	938,480
Profit for the period	-	-	15,024	15,024	369	15,394
Other comprehensive income	(7)	19,611	-	19,611	1,773	21,385
Total comprehensive income	(7)	19,611	15,024	34,636	2,143	36,780
Acquisition of treasury shares	-	-	-	(5)	-	(5)
Disposal of treasury shares	-	-	(0)	0	-	0
Share-based payments	-	-	-	-	139	139
Dividends	-	-	(21,118)	(21,118)	-	(21,118)
Transfer from other components of equity to retained earnings	7	(43)	43	-	-	-
Other	-	0	-	0	276	277
Total transactions with the owners	7	(42)	(21,075)	(21,123)	416	(20,706)
Balance as of June 30, 2013	-	104,636	674,794	920,158	34,395	954,553
Balance as of April 1, 2014	-	121,753	717,320	979,933	27,594	1,007,527
Profit for the period	-	-	19,986	19,986	(1,440)	18,546
Other comprehensive income	(8)	(3,033)	-	(3,033)	(227)	(3,261)
Total comprehensive income	(8)	(3,033)	19,986	16,952	(1,667)	15,285
Acquisition of treasury shares	-	-	-	(4)	-	(4)
Disposal of treasury shares	-	(4)	(4)	0	-	0
Share-based payments	-	-	-	-	84	84
Dividends	-	-	(21,118)	(21,118)	-	(21,118)
Transfer from other components of equity to retained earnings	8	86	(86)	-	-	-
Other	-	(0)	-	(0)	(202)	(202)
Total transactions with the owners	8	82	(21,210)	(21,123)	(118)	(21,241)
Balance as of June 30, 2014	-	118,802	716,096	975,763	25,808	1,001,572

(4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	First three months of fiscal 2013 (From April 1, 2013 to June 30, 2013)	First three months of fiscal 2014 (From April 1, 2014 to June 30, 2014)
Cash flows from operating activities		
Profit before tax	17,514	27,925
Depreciation and amortization	12,250	12,581
Impairment loss	144	114
Financial income	(6,983)	(5,389)
Financial expenses	4,520	6,484
Share of (profit) loss of investments accounted for using the equity method	128	409
(Gain) loss on sale and disposal of fixed assets	(483)	125
(Increase) decrease in trade and other receivables	14,387	11,930
(Increase) decrease in inventories	(3,728)	(6,980)
Increase (decrease) in trade and other payables	(3,808)	(21,362)
Other, net	1,800	(1,221)
Subtotal	35,743	24,618
Interest and dividends received	2,714	1,577
Interest paid	(1,250)	(3,015)
Income taxes paid	(22,445)	(5,921)
Net cash flows from operating activities	14,761	17,258
Cash flows from investing activities		
Purchase of time deposits	(59,966)	(13,486)
Proceeds from maturities in time deposits	49,599	20,041
Acquisition of securities	(83,859)	(75,997)
Proceeds from sale of securities	80,134	134,539
Acquisitions of property, plant and equipment	(9,065)	(8,988)
Proceeds from sale of property, plant and equipment	138	25
Acquisition of intangible assets	(2,208)	(5,150)
Payments for loans receivable	(376)	(487)
Proceeds from collection of loans receivable	191	366
Other, net	453	(77)
Net cash flows from investing activities	(24,958)	50,786

(Millions of yen)

	First three months of fiscal 2013 (From April 1, 2013 to June 30, 2013)	First three months of fiscal 2014 (From April 1, 2014 to June 30, 2014)
Cash flows from financing activities		
Proceeds from bonds and borrowings	890	10,414
Repayments of bonds and borrowings	(7,075)	(72,737)
Purchase of treasury shares	(5)	(4)
Proceeds from sale of treasury shares	0	0
Dividends paid	(21,134)	(21,130)
Other, net	(239)	(355)
Net cash flows from financing activities	(27,564)	(83,813)
Net increase (decrease) in cash and cash equivalents	(37,761)	(15,768)
Cash and cash equivalents at the beginning of the period	191,145	183,070
Effect of exchange rate change on cash and cash equivalents	7,615	(1,618)
Cash and cash equivalents at the end of the period	160,999	165,683

(5) Notes to Consolidated Financial Statements

(Note Related to Going Concern Assumption)

Not applicable.

(Segment Information)

The reportable segments used by the Group are based on the financial data available for discrete operating units, and are subject to periodic review by the Board of Directors to facilitate decisions related to the allocation of resources and the evaluation of business performance.

The Group consists of segments by management unit based on research and development, production and sale of prescription and OTC drugs, and uses two reporting segments, Daiichi Sankyo Group and Ranbaxy Group.

The Daiichi Sankyo Group consists of the Company and its subsidiaries, including Daiichi Sankyo, Inc. and Daiichi Sankyo Europe GmbH, and is engaged in prescription and OTC drug business activities.

The Ranbaxy Group consists principally of Ranbaxy Laboratories Ltd. and is engaged in prescription and OTC drug business activities.

First three months of fiscal 2013 (from April 1, 2013 to June 30, 2013)

	Daiichi Sankyo Group	Ranbaxy Group	Total	Adjustments	Condensed Consolidated Financial Statements
External revenue	210,024	42,613	252,637	-	252,637
Intersegment revenue	360	307	668	(668)	-
Total	210,384	42,920	253,305	(668)	252,637
Segment profit (before tax)	15,948	2,125	18,073	(559)	17,514

(Note) Adjustment to segment profit includes amortization of purchase price allocation and elimination of intersegment transactions.

First three months of fiscal 2014 (from April 1, 2014 to June 30, 2014)

	Daiichi Sankyo Group	Ranbaxy Group	Total	Adjustments	Condensed Consolidated Financial Statements
External revenue	213,357	41,092	254,449	-	254,449
Intersegment revenue	348	489	838	(838)	-
Total	213,706	41,582	255,288	(838)	254,449
Segment profit (before tax)	32,042	(3,392)	28,649	(724)	27,925

(Note) Adjustment to segment profit includes amortization of purchase price allocation and elimination of intersegment transactions.