FASF

January 30, 2009

Consolidated Financial Results for the Third 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
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Scheduled date to file Quarterly Report: February 12, 2009

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

1. Consolidated Financial Results for the Third Quarter of Fiscal Year 2008
(from April 1, 2008 to December 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 nine months of fiscal 2008	627,620	–	98,053	–	93,184	–
First nine months of fiscal 2007	695,849	(4.8)	156,775	18.8	166,048	13.6

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First nine months of fiscal 2008	(297,830)	–	(419.59)	–
First nine months of fiscal 2007	96,419	24.1	133.47	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First nine months of fiscal 2008	1,479,677	825,647	53.8	1,130.64
Fiscal 2007	1,487,888	1,244,512	83.6	1,730.09

Reference: Equity As of December 31, 2008: 795,903 million yen As of March 31, 2008: 1,243,876 million yen

2. Dividends

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

Note: Revision of the forecast in the third 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
Full year	850,000	(3.4)	100,000	(36.2)	69,000	(59.2)	(316,000)	–	(448.90)

Note: Revision of the forecasts in the third quarter of FY2008: Yes

Note: Please see *3. Qualitative Information about Forecasts of Consolidated Results for FY2008, Qualitative Information / Financial Statements, etc.* on pages 4 for further details

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 5 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 pages 5 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 December 31, 2008:	709,011,343 shares
As of March 31, 2008:	735,011,343 shares

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

As of December 31, 2008:	5,069,539 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)

Nine months ended December 31, 2008:	709,807,999 shares
Nine months ended December 31, 2007:	722,423,017 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 pages 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 in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

Qualitative Information / Financial Statements, etc.

1. Qualitative Information about Consolidated Operating Results

For the first nine months from April 1 to December 31, 2008, consolidated net sales of the Daiichi Sankyo group (“the Group”) amounted to ¥627.6 billion (down 9.8% year on year).

The Group’s net sales decreased, since the Japanese yen tended to appreciate compared with the same period previous year, the fiscal year-end of European subsidiaries was changed (the financial results from January to March 2007 [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 to the first three months 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.

In terms of profitability, operating income for the first nine months was ¥98.0 billion (down 37.5% year on year) and ordinary income was ¥93.1 billion (down 43.9% year on year), as sales decreased and sales and marketing bases overseas expanded as well as the proactive investment in research and development. The Group recorded net loss of ¥297.8 billion (compared to net income of ¥96.4 billion for the same period previous year) as a result that the Company recorded ¥354.0 billion of one-time write-down of goodwill in extraordinary losses pertaining to the investment in Ranbaxy Laboratories Limited (“Ranbaxy”), which was consolidated as a subsidiary effective from the third quarter under review. The Company has taken this step to meet the strictest accounting standards to ensure it remains on the firmest financial footing. Daiichi Sankyo considers its investment in Ranbaxy as essential in ensuring sustainable business growth and fully realizing the Group’s long-term business strategy. Daiichi Sankyo remains absolutely committed to pursuing its unique hybrid business model.

Information by Geographic Segment

Net sales in Japan amounted to ¥417.0 billion (down 12.2% year on year).
Despite the growth of the antihypertensive agents *Olmetec*®, *Calblock*®, and *Urief*® (an agent for treatment of dysuria) in addition to the contribution of the percutaneous absorption-type analgesic and anti-inflammatory drug *Loxonin*® tape that was launched in July 2008, net sales in the prescription drug business decreased to ¥328.1 billion (down 6.3% year on year), following the NHI (National Health Insurance) drug price revision, and the decrease in sales of *Mevalotin*®, an antihypercholesterolemic agent and the synthetic antibacterial agent *Cravit*®.

Royalty income and exports to overseas licensees generated sales of ¥47.8 billion, down 18.1% year on year, due to the effect of Japanese yen appreciation and the decrease in exports of levofloxacin, a synthetic antibacterial agent, and other agents.

Net sales of healthcare (OTC) products decreased to ¥37.1 billion (down 6.2% year on year) owing to the slow growth of *Transino*®, a product for the amelioration of skin blemishes (specifically, melasma), which hit the market in September 2007, although sales at Shin Sankyo Ichoyaku brand, the digestive drug, increased due to the contribution from new products.

Net sales in North America were ¥141.8 billion (up 0.8% year on year).
Despite the trend of Japanese yen appreciation in foreign exchange, sales increased because 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 on the local currency basis.

Net sales in European regions declined 13.6% year on year, to ¥51.6 billion, primarily due to the impact of the change of the fiscal year-end at European subsidiaries. However, net sales in real terms without this impact rose 13.2% year on year thanks to the contribution of *Olmetec*® and *Evista*®, the osteoporosis drug.

Net sales in other regions amounted to ¥16.9 billion (down 15.7% year on year). However, net sales in real terms without the special factor of having made non-pharmaceutical businesses independent of the Group increased 12.5% year on year.

The percentages of the increase and decrease compared with the same period previous year described above are presented fairly for reference purposes.

2. Qualitative Information about Consolidated Financial Position

At the end of the period under review, net assets were ¥825.6 billion (down ¥418.8 billion compared with the previous year-end), total assets stood at ¥1,479.6 billion (down ¥8.2 billion compared with the previous year-end), and equity ratio was 53.8% (83.6% for the previous year-end).

The decrease in net assets was due to the Company policy to return profits to shareholders, including the purchase of treasury stock and dividend payment, as well as the decrease in the amount of valuation and translation adjustments following the weakening stock market, negatively affected by the financial anxiety worldwide, and the situation of foreign-currency exchange rates with a Japanese yen appreciation trend as well as the write-down of goodwill related to Ranbaxy.

As the effects on total assets, while net assets decreased, borrowings were carried out to allocate for a part of funds to acquire Ranbaxy's shares, and assets owned by Ranbaxy and goodwill of Ranbaxy and U3 Pharma AG were included in total assets.

3. Qualitative Information about Forecasts of Consolidated Results for FY2008

The differences from the forecasts of consolidated results for FY2008 publicly announced on October 31, 2008 are shown below.

(Annual basis)

	Net sales	Operating income	Ordinary income	Net income (loss)	Basic net income (loss) per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	840,000	120,000	113,000	65,000	92.34
New forecasts (B)	850,000	100,000	69,000	(316,000)	(448.90)
Change (B-A)	10,000	(20,000)	(44,000)	(381,000)	–
Percentage of change (%)	1.2	(16.7)	(38.9)	–	–
Actual results for the previous fiscal year	880,120	156,827	169,058	97,660	135.35

Reasons for amendment

With regard to the financial results for the first nine months under review, as aforementioned, the Group recorded a net loss of ¥297.8 billion (compared to a net income of ¥96.4 billion for the same period in the previous year). This was due to the recording of a ¥354.0 billion one-time write-down of goodwill relating to the investment in Ranbaxy in extraordinary losses. Although the loss amount may change due to a revaluation at the fiscal year-end, effects of this accounting to the annual consolidated financial results should be inevitable.

Excluding the effects of the investment in Ranbaxy, consolidated net sales for FY2008 is expected to decline approximately ¥30.0 billion compared to the previous forecast partly due to the effects of Japanese yen appreciation, the delay of the approval of the antiplatelet agent Effient, whose market release was previously planned during the current fiscal year, as well as non-achievement of the sales target of healthcare (OTC) products in the midst of the deepening economic downturn. Also, in spite of a decrease in expenditures thanks to decreases in foreign-currency denominated expenses due to the Japanese yen appreciation and in expenses related to the Effient market release as well as our efforts to retrench expenditures, our profits are expected to decline compared to the previous forecasts. Specifically, operating income, ordinary income and net income are expected to decline ¥10.0 billion, ¥8.0 billion and ¥5.0 billion, respectively.

Meanwhile, the forecasts Ranbaxy's financial results for the period between October and December 2008, which will be consolidated in the Group's fourth quarter of FY2008 (although the details of reconciliation from the accounting standards of India have yet to be completed) is as follows. Net sales: ¥40.0 billion; operating income: ¥1.0 billion; ordinary income (loss): negative ¥25.0 billion, reflecting the impact of foreign exchange losses; net income (loss): approximately negative ¥11.0 billion, which is the Company's portion in Ranbaxy's net income (loss).

With regard to accounting treatments on the consolidation of Ranbaxy and the fall in its share prices, the Company is in the process of a fair value valuation and allocation of Ranbaxy's assets and liabilities to finalize the figures of the annual consolidated financial results for FY2008. The forecasts above reflect amortization of goodwill of ¥11.0 billion provisionally calculated as of October 1, 2008, and extraordinary losses of ¥354.0 billion caused by a one-time write-down of goodwill recorded in the third quarter under review.

Considering these circumstances, the Company has amended the forecasts of consolidated results for FY2008 announced on October 31, 2008. Specifically, the Company now forecasts ¥850.0 billion net sales (up ¥10.0 billion from the previous forecasts), ¥100.0 billion operating income (down ¥20.0 billion), ¥69.0 billion ordinary income (down ¥44.0 billion) and ¥316.0 billion net loss (down ¥381.0 billion).

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
(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

third 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 the first quarter period, quarterly consolidated financial statements conform to 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). Also, they are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

b. From the 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 the same method as 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 years beginning April 1, 2008 or later, the Company applies this standard and guidance from the first quarter period, and the accounting treatment for such transactions follows the method for ordinary purchase and sales transactions.
Depreciation of finance lease assets not involving the transfer of ownership is calculated on the straight-line method over the lease period as the useful period and assuming no residual value.
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 the same method as for operating lease transactions.
There was no impact of this change on operating income, ordinary income and income before income taxes and minority interests.

5. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008 (Summary)
ASSETS		
Current assets		
Cash and time deposits	160,781	47,335
Trade notes and accounts receivable	245,396	166,980
Marketable securities	165,363	526,805
Merchandise and finished goods	97,806	65,947
Work in process	10,593	14,660
Raw materials and supplies	35,155	17,550
Deferred tax assets	71,497	52,677
Other current assets	46,325	34,860
Allowance for doubtful accounts	(9,129)	(293)
Total current assets	823,790	926,524
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	137,955	136,821
Machinery, equipment and vehicles, net	49,652	33,150
Land	35,041	33,116
Construction in progress	13,186	2,937
Other, net	16,895	15,239
Total property, plant and equipment	252,731	221,266
Intangible assets		
Goodwill	115,403	15,403
Other intangible assets	76,993	75,667
Total intangible assets	192,397	91,070
Investments and other assets		
Investment securities	175,150	216,038
Long-term loans	1,086	1,304
Prepaid pension costs	7,033	8,023
Deferred tax assets	10,741	5,995
Other assets	17,067	18,018
Allowance for doubtful accounts	(319)	(352)
Total investments and other assets	210,758	249,028
Total non-current assets	655,887	561,364
Total assets	1,479,677	1,487,888

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	66,173	46,405
Short-term bank loans	316,546	68
Income taxes payable	9,851	18,682
Allowance for sales returns	878	754
Allowance for sales rebates	1,341	776
Allowance for contingent losses	420	226
Other current liabilities	149,554	127,599
Total current liabilities	544,766	194,514
Non-current liabilities		
Convertible bonds	46,500	–
Long-term debt	16,664	18
Deferred tax liabilities	13,412	26,724
Accrued employees' severance and retirement benefits	10,652	6,781
Accrued directors' and corporate auditors' severance and retirement benefits	155	115
Provision for environmental measures	297	1,057
Other non-current liabilities	21,580	14,165
Total non-current liabilities	109,263	48,862
Total liabilities	654,029	243,376
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,196	179,863
Retained earnings	671,489	1,025,144
Treasury stock at cost	(14,548)	(43,407)
Total shareholders' equity	812,137	1,211,600
Valuation and translation adjustments		
Net unrealized gain on investment securities	29,551	48,539
Foreign currency translation adjustments	(45,785)	(16,263)
Total valuation and translation adjustments	(16,234)	32,276
Subscription rights to shares	644	257
Minority interests	29,100	377
Total net assets	825,647	1,244,512
Total liabilities and net assets	1,479,677	1,487,888

(2) Consolidated Statement of Income

(Millions of yen)

	First nine months of FY2008 (From April 1, 2008 to December 31, 2008)
Net sales	627,620
Cost of sales	150,783
Gross profit	476,837
Selling, general and administrative expenses	
Advertising and promotional expenses	79,728
Salaries and bonuses	68,225
Severance and retirement costs	5,007
Research and development expenses	129,162
Other expenses	96,660
Total selling, general and administrative expenses	378,783
Operating income	98,053
Non-operating income	
Interest income	4,225
Dividend income	3,005
Other non-operating income	1,926
Total non-operating income	9,158
Non-operating expenses	
Interest expense	403
Foreign exchange losses	6,697
Loss on valuation of derivatives	3,175
Equity in net losses of affiliated companies	270
Other non-operating expenses	3,481
Total non-operating expenses	14,027
Ordinary income	93,184
Extraordinary income	
Gain on sales of non-current assets	1,227
Gain on liquidation of subsidiaries and affiliates	1,430
Reversal of allowance for doubtful accounts	6
Gain on sale of investment securities	0
Total extraordinary income	2,663
Extraordinary losses	
Loss on disposal of non-current assets	2,142
Amortization of goodwill	354,015
Loss on impairment of property, plant and equipment	2,201
Non-recurring depreciation on non-current assets	1,340
Loss on valuation of investment securities	949
Provision for the contingency reserve	420
Provision for environmental measures	196
Loss on sale of investments in affiliates	15
Total extraordinary losses	361,282
Income (loss) before income taxes and minority interests	(265,434)
Total income taxes	32,395
Net income (loss)	(297,830)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First nine months of FY2008 (From April 1, 2008 to December 31, 2008)
Cash flows from operating activities	
Income (loss) before income taxes and minority interests	(265,434)
Depreciation	28,398
Loss on impairment of property, plant and equipment	2,201
Non-recurring depreciation on non-current assets	1,340
Amortization of goodwill	364,559
Increase (decrease) in allowance for doubtful accounts	(69)
Increase (decrease) in accrued severance and retirement benefits	483
(Increase) decrease in prepaid pension costs	990
Interest and dividends income	(7,231)
Interest expense	403
(Gain) loss on sales of property, plant and equipment	915
Equity in net (income) losses of affiliated companies	270
(Increase) decrease in trade notes and accounts receivable	(40,024)
(Increase) decrease in inventories	(2,092)
Increase (decrease) in trade notes and accounts payable	4,409
Increase (decrease) in accounts payable and accrued expense	(16,148)
Other, net	(1,631)
Subtotal	71,340
Interest and dividends received	7,595
Interest paid	(343)
Income taxes paid	(51,521)
Net cash provided by operating activities	27,071

(Millions of yen)

	First nine months of FY2008 (From April 1, 2008 to December 31, 2008)
Cash flows from investment activities	
Purchases of time deposits	(3,064)
Proceeds from maturities in time deposits	2,758
Purchases of marketable securities	(101,437)
Proceeds from sales of marketable securities	140,960
Acquisitions of property, plant and equipment	(12,337)
Proceeds from sales of property, plant and equipment	1,853
Acquisitions of intangible assets	(19,722)
Acquisitions of investment securities	(11,017)
Proceeds from sales of investment securities	7
Purchases of investments in consolidated subsidiaries resulting in changes in scope of consolidation	(408,411)
Payments of loans receivable	(303)
Proceeds from collection of loans receivable	731
Other, net	14,151
Net cash used in investment activities	(395,831)
Cash flows from financing activities	
Net increase (decrease) in short-term bank loans	239,941
Purchases of treasury stock	(45,834)
Proceeds from sale of treasury stock	26
Dividends paid	(53,330)
Other, net	(13)
Net cash used in financing activities	140,789
Effect of exchange rate change on cash and cash equivalents	(10,702)
Net increase (decrease) in cash and cash equivalents	(238,673)
Cash and cash equivalents, beginning of period	444,334
Cash and cash equivalents, end of period	205,660

Commencing with the current fiscal year, quarterly consolidated financial statements conform to 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). Also, they 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 nine months of FY2008 (from April 1, 2008 to December 31, 2008)

Information by operating segment has been omitted as the both ratios of net sales and operating income of "Pharmaceuticals" to the total net sales and operating income exceeded 90%.

[Geographic segment information]

First nine months of FY2008 (from April 1, 2008 to December 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations & corporate	Consolidated
Net sales							
(1) External sales	417,070	141,898	51,663	16,988	627,620	–	627,620
(2) Inter-segment sales and transfers	40,652	36,385	16,343	593	93,974	(93,974)	–
Total	457,722	178,283	68,007	17,581	721,594	(93,974)	627,620
Operating income	52,207	39,369	1,777	(2,352)	91,002	7,051	98,053

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" has been separately listed from the second quarter period of FY2008 in order to represent operations more properly.
   As a result of this change, net sales in "Other" decreased by ¥67,940 million (including external sales of ¥51,663 million) and operating income therein decreased by ¥1,772 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 nine months of FY2008 (from April 1, 2008 to December 31, 2008)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	164,696	67,642	26,190	258,530
II Consolidated net sales				627,620
III Percentage of overseas net sales to consolidated net sales (%)	26.2	10.8	4.2	41.2

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 Substantial Changes in the Amount of Shareholders' Equity

On a non-consolidated basis, the Company recorded the valuation loss of investments in subsidiaries and affiliates to reflect a more than 50% decline in the market value of shares of our consolidated subsidiary, Ranbaxy Laboratories Limited at the end of this period under review versus the purchase price. The Company recorded net loss of ¥297,830 million following the recording of amortization of goodwill of Ranbaxy in extraordinary losses.

As a result, taking in the dividend payment, the retained earnings during the first nine months declined ¥353,655 million and the retained earnings for the third quarter stood at ¥671,489 million.

Reference:
Financial statements for the third quarter of the fiscal year ended March 31, 2007

(1) (Summary) Consolidated statement of income

(Millions of yen)

		First nine months of fiscal 2007 (from April 1, 2007 to December 31, 2007)
I	Net sales	695,849
II	Cost of sales	181,740
	Gross profit	514,109
III	Selling, general and administrative expenses	357,333
	Operating income	156,775
IV	Non-operating income	12,167
V	Non-operating expenses	2,894
	Ordinary income	166,048
VI	Extraordinary gains	4,105
VII	Extraordinary losses	8,956
	Net income before income taxes	161,197
	Income tax expenses	64,770
	Minority interests	6
	Net income	96,419

(2) Segment Information

[Operating Segment Information]

First three months of FY2007 (from April 1, 2007 to December 31, 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 nine months of FY2007 (from April 1, 2007 to December 31, 2007)

(Millions of yen)

	Japan	North America	Other	Total	Eliminations & corporate	Consolidated
Net sales						
(1) External sales	475,118	140,804	79,926	695,849	-	695,849
(2) Inter-segment sales and transfers	53,756	35,121	16,003	104,881	(104,881)	-
Total	528,875	175,925	95,929	800,730	(104,881)	695,849
Operating expenses	412,191	140,901	89,097	642,191	(103,116)	539,074
Operating income	116,684	35,023	6,831	158,539	(1,764)	156,775

[Overseas Net Sales]

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

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	173,422	76,180	31,257	280,861
II Consolidated net sales				695,849
III Percentage of overseas net sales to consolidated net sales (%)	24.9	11.0	4.5	40.4

6. Other Information

(Business Combination)
First nine months of FY2008 (from April 1, 2008 to December 31, 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: Ranbaxy Laboratories Limited

Business: manufacturing and sales, and research and development of generic medicines in the areas of such as hypercholesterolemia and infection diseases

b. Primary reasons for business combination

Aiming to realize its 2015 Vision of "Global Pharma Innovator" under its mission "Enriching the quality of life around the world through innovative pharmaceuticals", the Group is developing businesses centering on pharmaceuticals at major bases in the world working to achieve net sales of ¥1,500 billion, an operating margin of 25% or more and an overseas sales ratio of 60% or more.

The Company determined that, to realize continuing corporate growth, it is necessary to expand the prescription drug business in developed countries as well as to enter emerging markets as new opportunities for growth. As the Company considers that it is necessary to take longsighted measures against rapidly changing market needs not only by engaging in high-risk high-return conventional businesses in developed countries, but by amplifying global reach covering emerging markets and by practicing "multifaceted management" with a longer reach that covers the pharmaceutical field in developed countries by leveraging generic medicines. Consequently, the Company believes that the consolidation of Ranbaxy Laboratories Limited into the Group is very important for the continuing growth of the Group.

c. Date of business combination

November 7, 2008

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

Legal form of business combination: Cash acquisition of Ranbaxy Laboratories Limited's stock

Name of company after business combination: Ranbaxy Laboratories Limited

e. Ratio of voting rights acquired

63.92%

(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 third quarter under review does not include the operating results of Ranbaxy Laboratories Limited.

(3) Acquisition cost of the acquired company and its breakdown

Cost for acquisition by tender offer	¥169,407 million
Cost for acquisition from founding family	¥230,970 million
Cost for subscription of third-party allocation	¥85,001 million
Direct cost for acquisition	¥2,967 million
Total acquisition cost	¥488,346 million

Note that this is a provisional amount because certain expenses are not defined yet.

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

a. Amount of goodwill
¥439,499 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 period for amortization
Amortization on a straight-line basis over twenty years

On a non-consolidated basis, the Company recorded valuation loss of investments in subsidiaries and affiliates to reflect a more than 50% decline in the market value of Ranbaxy shares versus the purchase price as of the third-period-end. In line with this recording, on a consolidated basis, the Company recorded ¥354,015 million of write-down of goodwill in extraordinary losses.